



Catch This Secular Wave Before it Really Gathers Speed

Description

Take Stock is the Motley Fool Canada's **free** investing newsletter and is distributed weekly. This edition was sent to our followers yesterday. To have future editions delivered directly to you, simply [click here now](#).

Dear Fellow Fools,

Last week's [Take Stock](#) focused on the message(s) conveyed by two investing legends at a recent CFA conference in Boston. We're going back to the well this week, so to speak, and are going to pass along some thoughts on another one of the more intriguing presentations that took place at the same conference.

Relative to the investing legends that were discussed last week, Dr. Vikram Mansharamani is an unknown. In fact, he's not even a professional investor.

Though it's safe to say "Dr. V", as his Yale students refer to him, hasn't achieved the status (or wealth) of either Howard Marks or Charles Brandes, his presentation, "Boombustology: The Coming Consumption Boom from the Emerging Middle Class" provided this Fool with much to ruminate on.

Big picture

Dr. V's presentation was rooted in identifying sizeable secular themes that he sees as having the potential to dramatically impact the general state of the world in the coming decades.

He discussed such things as shifting population trends, energy, emerging economies and frontier markets. All very interesting, but the topic that really grabbed my attention was the portion that he carved out which focused on food. More specifically, how he expects changing diets (thanks to a continued trend towards urbanization and a rising middle class in emerging markets) to have a significant impact on the world's agricultural industry.

(Funny how food has a way of grabbing our attention.)

Obviously, every one of us needs food to survive, and as emerging economies in particular continue to

develop, consumption patterns are changing. What this continued development is leading to, in Dr. V's mind, is a forthcoming boom in global protein consumption.

He expects this boom will have ripple effects that are wide ranging, and one of the areas that he focused on is the corresponding increase in feed consumption that is also going to occur. After all, protein-related animals – and I'm talking chickens, pigs, and cattle – need to eat too.

Dr. V indicated that about two pounds of grains are required to raise one pound of chicken. This increases to four pounds of grains for every pound of pork and eight pounds of grains for every pound of beef.

According to the World Health Organization, per capita consumption of livestock products (which I assume means beef) is set to rise to 45.3 kg/year (roughly 100 pounds) by the year 2030 – up from 36.4 kg/year (roughly 80 pounds) in 1997-99.

Combining these figures, to satisfy projected annual demand for beef in 15 years or so, 800 pounds of grain will be required for each and every one of us, on average. That's 160 pounds more, annually, than what was required at the end of the last millennium. Multiply this 160lbs. by the world's population, and you're talking a staggering increase in global grain production.

What does your foods' food eat?

The protein sources mentioned eat grains, but the question Dr. V also wanted us to consider was, "What do grains eat?"

The answer (beyond sunshine and water): fertilizers – that is nitrogen, potash, and phosphorous.

In his mind, and ours, for the world's arable land to grow the required feed to support this increased demand for protein, it's going to have to become much more productive. This is what fertilizers do.

And this is where one of our *Stock Advisor Canada* recommendations comes into play.

We've recommended that our members buy a Calgary-based company that has evolved into a leading, low-cost, global producer of two of the three fertilizers mentioned above.

This makes it very well positioned, in our opinion, to be a major benefactor of this secular theme towards more protein consumption that we believe will develop in the years to come.

Not only is our recommended company a sizeable player on the fertilizer side of the market, the company's expansive, global, retail network is also a major supplier and distributor of crop protection chemicals and seeds. These, too, are key components that will help ensure that protein demand is met.

The one-two punch of wholesale and retail operations has us very excited about this company's long-term prospects.

Sweetening the deal even further is the current 3.2% dividend yield that you can virtually lock-in by purchasing this company today. I say lock-in, but in reality, thanks to several large, growth-oriented projects coming to completion in the coming months, free cash flow for this company is about to expand dramatically. Management has assured us that it has every intention of using this bevy of free cash to increase this dividend in the coming months and years, thus improving your effective yield if

you buy shares today.

Foolish Bottom Line

Out of respect to our *Stock Advisor Canada* service members, I can't disclose the name of our recommended company in this space. What I can do however is reinforce how giddy Dr. V's presentation made me about this company's prospects and the future returns it could provide.

The name of the company in question is not out of reach. Far from it. And if you're a believer in this secular theme, you need to learn more about it.

Best of all, you can do so right now, risk free.

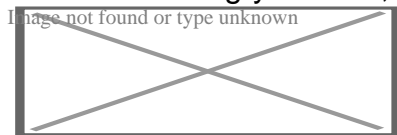
Simply click on [this link](#) and you'll be whisked to our *Stock Advisor Canada* sign-up page where you can take advantage of our current 6-month special.

Not only that, if you're not 100% satisfied, we'll happily refund your payment within the first 30 days (and provide a prorated refund should you decide to cancel beyond this 30-day window). By signing up now, you'll have essentially **free access** for 30 days to uncover this gem, as well as the 25 other recommendations that we've made thus far.

I'll even give you a hint for once you're inside – the company in question can be found by clicking the "Recommendations" tab at the top of the main page and scrolling down to our issue from February 2014.

Check it out, and we can't wait to have you on board!

Your value-hungry adviser,



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