



4 Easy Ways to Invest in This Upcoming \$1.2 Trillion Opportunity

Description

No matter how much we try to avoid them, there are a few certainties in life.

They say the only things we can be sure of are death and taxes. Although that's not really a complete list, it's good enough for the purpose of this article. But instead of talking about the depressing topic of death, let's talk about the slightly less depressing topic of getting old.

Specifically, there's a huge glut of baby boomers in Canada who are rapidly reaching retirement age. Our baby boom from 1946-65 was one of the largest in the developed world, meaning that are more than 9 million Canadians who were born during that 20-year period. We're at the point where most of the boomers are either retiring or getting ready to ditch work for good.

While this could prove interesting for companies looking to fill middle and upper management positions, it opens up a huge opportunity for investors. Analysts have estimated that baby boomers will collectively spend \$1.2 trillion on their health and wellness over the upcoming decades.

Think about the scope of all this upcoming spending. Baby boomers are going to be dropping cash on everything from pills to artificial hips. And that's just the beginning. Assisted living facilities will need to be expanded, and home care will experience a huge amount of growth.

But how should investors position themselves for this trend? I have a few ideas.

Loblaw

Some of you are probably scratching your head right now. How is **Loblaw Companies Limited** ([TSX:L](#)) a way to play an aging population?

The thesis is simple. When the company acquired Shoppers Drug Mart back in 2014, it picked up more than 1,200 stores with active pharmacies. For most Shoppers' stores, the pharmacy is the heart of the businesses.

Combined with its previous locations, the company now has more than 1,800 pharmacies stretched

across Canada, making it the largest pharmacy chain in the country. As baby boomers continue to age, they'll be taking an ever-increasing amount of medication to counter the effects of getting old. That's going to be a huge market, and Loblaw is poised to dominate it.

Extendicare and Chartwell

Assisted living REITs will be another winner of the upcoming demographic shift.

Extendicare Inc. ([TSX:EXE](#)) is the company I like best out of the two leaders. The company recently announced a plan to sell its U.S. operations after years of poor results and lawsuits. The stock sold off on the news because investors thought the company didn't get a good enough deal.

But the U.S. sale will still give it plenty of cash that management has already mostly spent. The company announced last month that it planned to acquire 31 nursing homes across six provinces for \$83 million. The beauty of its Canadian business is most of the company's revenue is generated from government contracts.

Chartwell Retirement Residences ([TSX:CSH.UN](#)) is Extendicare's larger rival, with 210 assisted living complexes across both Canada and the U.S. The biggest difference between the two rivals for investors is likely the dividend. Chartwell only pays a 4.3% yield, while Extendicare is flirting with 7%. Chartwell's yield is much more secure though, since it only has a payout ratio of approximately 70%.

Valeant

Even though **Valeant Pharmaceuticals Intl Inc.** ([TSX:VRX](#))([NYSE:VRX](#)) didn't win its high-profile takeover attempt of **Allergan** during 2014, it's still a world-class developer and maker of prescription medication and other medical products.

The company will likely surpass \$8 billion in revenue in 2014 once results are made official. It has products in all sorts of different areas, ranging from eye products to an assortment of skin creams to antidepressants. Valeant is a truly diversified pharma company with limited patent risk.

Valeant is a growth by acquisition machine. Since 2008, it has spent \$19 billion on 40 different acquisitions. Look for that to continue as it adds small drug companies to the fold.

CATEGORY

1. Investing

POST TAG

1. Editor's Choice

TICKERS GLOBAL

1. NYSE:BHC (Bausch Health Companies Inc.)
2. TSX:BHC (Bausch Health Companies Inc.)
3. TSX:CSH.UN (Chartwell Retirement Residences)
4. TSX:EXE (Extendicare Inc.)
5. TSX:L (Loblaw Companies Limited)

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Author

nelsonpsmith

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