

3 Secular Trends Every Canadian Investor Should Know

Description

Identifying and understanding secular trends is an important aspect of investing because they are capable of triggering fundamental technological, demographic and economic shifts. This can make them highly disruptive, but also benefit companies offering products or services that take advantage of those distinct changes. As a result they can offer investors the opportunity for outsized returns with their ability to continue growing regardless of the fluctuations in the economic cycle.

Let's take a closer look at three secular trends I think every investor must consider.

1. Growing demand for data in the information age

Data and its high speed transmission has become an important part of our daily lives. Not only are companies increasingly in need of the means for the timely transmission of data in order to conduct business activities but consumers are demanding greater access to information in our increasingly interconnected world.

This trend will be of considerable benefit to Canada's three largest telcos: **BCE Inc.** ([TSX:BCE](#))([NYSE:BCE](#)), **Rogers Communications Inc.** ([TSX:RCI.B](#)) ([NYSE:RCI](#)) and **Telus Corp.** ([TSX:T](#))([NYSE:TU](#)). This is because they operate in an oligopolistic market with steep barriers to entry that protect their competitive advantage and shield them from the disruptive impact fast-changing communications technology.

More importantly, they will benefit from this secular tailwind because of their large national wireless and cable networks that allow them to offer the full suite of data, media and entertainment solutions for businesses and consumers.

2. A shift away from fossil fuels to renewable energy sources

As fears about global warming grow, governments are moving fast to reduce greenhouse emissions and carbon footprints. They are doing this by way of steeper regulations, higher renewable energy targets, increased carbon levies and targeting reduced greenhouse emissions.

This is placing considerable pressure on coal-fired power generation but is a boon for renewable energy businesses like **Brookfield Renewable Energy Partners L.P.** ([TSX:BEP.UN](#))([NYSE:BEP](#)). It is a global leader in providing renewable electricity generation with a portfolio of high quality assets in North America, South America, and Western Europe. It has also embarked on an aggressive expansion program with it set to deploy over US\$4 billion for growth and acquisitions in coming years with a focus on boosting its presence in Western Europe. This is of particular importance because Western Europe's electricity market is favourably disposed to renewable energy solutions.

3. An increasingly affluent, aging population

Longer life spans and lower birth rates in developed countries has created a demographic shift to aging

populations that bodes exceptionally well for healthcare and pharmaceutical companies alike.

This secular tailwind will be of considerable benefit for **Valeant Pharmaceuticals Intl Inc.** (TSX:VRX)(NYSE:VRX).

You see, Valeant is the owner of the manufacturer of eye care products Bausch and Lomb, giving it access to the lucrative eye care market. This segment is of particular importance for an aging demographic because it is estimated that three-quarters of all eye conditions are age-related.

Furthermore, Valeant has a diverse portfolio of medical devices and pharmaceuticals, the demand for which can only grow as a greater proportion of the population ages.

These secular trends will significantly benefit each of the companies discussed, helping to drive long term earnings growth while shielding them from cyclical economic forces. Over time, this should see them deliver considerable value for investors making them important growth oriented additions for any portfolio.

CATEGORY

1. Investing

TICKERS GLOBAL

1. NYSE:BCE (BCE Inc.)
2. NYSE:BEP (Brookfield Renewable Partners L.P.)
3. NYSE:BHC (Bausch Health Companies Inc.)
4. NYSE:RCI (Rogers Communications Inc.)
5. NYSE:TU (TELUS)
6. TSX:BCE (BCE Inc.)
7. TSX:BEP.UN (Brookfield Renewable Partners L.P.)
8. TSX:BHC (Bausch Health Companies Inc.)
9. TSX:RCI.B (Rogers Communications Inc.)
10. TSX:T (TELUS)

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