Investors: 3 Ways to Cash In on This Upcoming $1.2 Trillion Opportunity

Description

There are more than nine million baby boomers in Canada, and last time I checked, they're not getting any younger.

As a group, the folks who were born from 1945 to 1964 are still taking care of themselves rather well. They stay active by going to the gym, chasing after grandkids, or by strolling around the neighborhood. Just about every boomer I know is making an effort to eat well, and if there's a group that can afford any new and exciting new medical procedures, it's them.

But eventually, age is going to start catching up to these folks. For many of them, it's already started to happen. Many boomers already take a few prescriptions each day, while others are doing things like getting knees and hips replaced.

Keeping baby boomers healthy is going to be a massive opportunity. According to a recent study, it'll cost $1.2 trillion just to give long-term care to Canada's boomers, and that's not even factoring in all the other health-related costs they'll incur over the years. After all, if you've hit 65, chances are you'll stick around until you hit 85 or even 90. That's a lot of pill-popping years.

Any investor would benefit from getting exposure to this trend in their portfolio. Here are three ways you can make money off an aging population.

Loblaw

With its acquisition of Shoppers Drug Mart in 2014, **Loblaw Companies Limited** (TSX:L) suddenly became Canada's largest pharmacy as well as the country's largest retailer. That's a good combination to have at this point in time.

Investors should love this tie-up for a few reasons. The relationship between a patient and a pharmacist is like that of a doctor. It's a pain to switch to someone who doesn't know your medical history. And since many folks have insurance plans that cover the cost of many of their drugs, cost isn't really a big issue either. The margins on pharmacy are much more attractive than in grocery.

At this point, investors are getting this potential growth at a pretty reasonable price. According to analyst estimates, Loblaw shares are trading at just 16 times projected earnings for 2016. That's a reasonable price to pay for the market leader, even without this upcoming potential. The growth is just a bonus.

Extendicare

Extendicare Inc. (TSX:EXE) recently made a smart move by selling the company's U.S.-based long-term care operations, choosing to focus on the Canadian side of the business.

The company has taken the money from the sale and is using it to expand. It recently announced plans to acquire or build eight new retirement homes and Revere, one of its largest competitors in the home-health space. And it still has more than $190 million left to spend from the sale of the U.S. assets.

Perhaps the best part of an investment in Extendicare is the generous dividend. Investors are being paid 5.4% to wait, a yield that's easily covered by funds from operations.

Alimentation Couche-Tard

At first glance, I'll admit this last pick looks odd. How will **Alimentation Couche-Tard Inc.** (TSX:ATD.B), with its convenience stores, benefit from an aging population?

I saw it firsthand when my grandmother couldn't move around very well. Going to the local big-box store was not something that she wanted to do, so she'd go to the local Couche-Tard store to pick up her bread, milk, and other staples. Sure, she paid more money, but it was well worth it to avoid those steps.

Shoppers Drug Mart is also well positioned to take advantage of this. It's obvious that Loblaw has been focusing on trying to get folks to pick up more than just their prescriptions at Shoppers. As the population continues to age, look for this trend to help sales at both Shoppers and Couche-Tard stores.

Canada's aging population is a massive opportunity for your investing dollars. It's that simple.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

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2. TSX:L (Loblaw Companies Limited)

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Author
nelsonpsmith