

## 2 Powerful Secular Trends That Will Boost Wealth for Investors

### Description

Secular investing is a powerful tool that allows investors to boost returns and grow their portfolios regardless of the state of the economy. The secret is identifying key secular trends and the businesses that will benefit from them.

Essentially, a secular trend is a long-term disruptive phenomenon that has the potential to trigger ground-breaking, technological, economic, social, and demographic shifts that can last for decades or even longer. These trends are generally immune to the cyclical nature of the economy, making them a powerful tailwind for those companies that can take advantage of them.

Let's take a closer look at two important secular trends and how investors can benefit from them.

### Now what?

One of the best-known and possibly most significant secular trends to exist at this time is the push for clean renewable energy to fight global warming.

This trend has gained considerable momentum since the Paris Agreement on climate change came into force in November 2016. The agreement seeks to limit global warming to less than two degrees Celsius above pre-industrial levels and eventually eliminate fossil fuels from the global energy mix.

This will act as a powerful tailwind for renewable energy companies such as **Brookfield Renewable Partners L.P.** ([TSX:BEP.UN](#))([NYSE:BEP](#)). The company has struggled in recent years to unlock value for investors, but there are signs this is changing.

Brookfield Renewable has an established presence in emerging and developed markets as one of the world's largest renewable energy businesses. This means it is well positioned to take advantage of the trend to renewable sources of electricity — this is even more so when its solid growth prospects are considered.

Brookfield Renewable is still in the process of bedding-down the needle-moving acquisition of Isagen S.A. in Colombia, which is one of South America's fastest-growing economies. Once complete, Isagen's 3,000 megawatts of installed capacity coupled with rapidly expanding demand for electricity in Colombia will give Brookfield Renewable's earnings a healthy bump.

Then there is the substantial pipeline of projects under development in Brazil and western Europe; on completion, they will boost its installed capacity by 153 megawatts, further enhancing its ability to benefit from greater demand for clean sources of electricity.

There has been a massive explosion of wealth in developing economies — most notably, Asia.

The rapid economic growth and modernization of one of the world's most populous regions has caused the number of high-net-worth individuals and middle-class households to surge. An estimated US\$30

trillion will be transferred to the next generation over the coming decade, and this has created an unprecedented opportunity for investment managers and financial advisors.

One company that has successfully positioned itself to benefit from this trend is **Manulife Financial Corp.** ([TSX:MFC](#))([NYSE:MFC](#)).

Through a slew of acquisitions, Canada's largest insurer has established a considerable footprint in Asia; it now derives almost a third of its core earnings from the region. This can only grow as wealth expands and the demand for investment and other financial services grows at a colossal rate.

The positive effect this is having on Manulife's wealth management business can be seen in its fourth-quarter 2016 results. Fund inflows from Asia more than doubled compared to a year earlier to US\$5.4 billion, and core earnings shot up by 16%. The significant increase in fund inflows will boost the fees and other revenues Manulife can generate from its investment-management business.

### So what?

These secular trends will act as powerful tailwinds for Brookfield Renewable and Manulife, boosting growth prospects and earnings while shielding them from any economic downturn. Over time, this will allow both businesses to progressively create value, grow earnings, and reward patient investors with further dividend hikes.

### CATEGORY

1. Investing

### TICKERS GLOBAL

1. NYSE:BEP (Brookfield Renewable Partners L.P.)
2. NYSE:MFC (Manulife Financial Corporation)
3. TSX:BEP.UN (Brookfield Renewable Partners L.P.)
4. TSX:MFC (Manulife Financial Corporation)

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