Investors: Don’t Miss Out on This $1.2 Trillion Opportunity

Description

Here at Motley Fool Canada, we’re big fans of searching for the best opportunities out there.

To borrow a baseball analogy, other investors might be content searching for low-risk singles or doubles. We’re not. We search for the kinds of stocks that could potentially be home runs. Those are the kinds of opportunities that can really make a difference in a portfolio.

The tricky part isn’t finding these kinds of opportunities. There are plenty of examples out there. The issue is finding a massive potential market that is being discounted and then getting into it before other investors figure out what’s going on.

In other words, we’re looking for opportunities that are in the second inning — not ones in the sixth inning.

I believe such a scenario is unfolding today, and investors have largely been ignoring it. Here’s how you can profit before the rest of the market wakes up and seizes the opportunity.

A $1.2 trillion market

They say there are two certainties in life: death and taxes. I’d like to add a third.

Getting old.

Canada is filled with Baby Boomers who are going to put a great strain on our medical system someday. More than nine million Baby Boomers are retiring en masse, which is good news for struggling millennials looking to make more money. Don’t worry, kids; opportunities are coming.

According to the latest estimates, taking care of aging Baby Boomers will be a massive opportunity — a $1.2 trillion opportunity. And that’s just in Canada alone. Both the United States and Europe will spend even more taking care of their aging populations.

Think about all the expenses associated with getting older. Someone has to pay for all their medical care and prescriptions. They have to go to the hospital or clinic. And then, when their age really catches up to them, they're forced to enter an assisted-living home, usually with great reluctance.

Here are a couple ways you can profit from this upcoming megatrend.

Extendicare

I started buying **Extendicare Inc.** (TSX:EXE) shares in 2015, back when they traded under $7 each. I was impressed with the company's decision to exit the much more competitive U.S. market, which would free up cash to be invested in Canada.

It worked. Extendicare used the cash from the sale of U.S. assisted-living facilities to acquire additional facilities here in Canada as well as doubled the size of its home-healthcare business, an underrated part of the medical industry. It's a lot cheaper for governments to send a nurse over to help care for a senior than shoving them into a home.

Although Extendicare shares are currently $10.56 each, I still rank the stock a buy today. Earnings were quite strong in the last quarter and should continue to be strong in 2017. Shares pay an attractive 4.5% dividend as well.

Jean Coutu

Jean Coutu Group PJC Inc. (TSX:PJC.A) is Quebec's largest chain of pharmacies; it also has locations in Ontario and New Brunswick.

Most businesses would love the same kind of customer loyalty most pharmacists get. Since a pharmacist is an important part of someone's whole healthcare experience — especially as we get older — customers tend to stick around for a long time. And most get prescriptions refilled monthly, ensuring a dependable revenue stream. It's a nice business.

Jean Coutu trades at 18.4 times trailing earnings and pays a 2.4% dividend.

The bottom line

Both Extendicare and Jean Coutu are great ways to play the upcoming aging population boom. It won't happen overnight, but I think patient investors who get in today will be greatly rewarded in a few years as the market begins to wake up to the massive opportunity in front of them. The key is to get in before it becomes the next sure thing.

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1. Dividend Stocks
2. Investing

TICKERS GLOBAL

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