

# Coping with Change

*When people shake their heads because we are living in a restless age, ask them how they would like to live in a stationary one and do without change.*

*- George Bernard Shaw*

Embracing change is part of being a modern human being. Styles, prices and menus change, relationships evolve and climate changes.

Investors have faced significant change in recent years. Interest rates have remained very low since the crash ten years ago, making it nearly impossible to obtain a decent return on a safe fixed-income security. The persistence of low interest rates has severely reduced the expected investment performance of pension funds and regulated financial institutions. On the other hand, home buyers have benefited.

The investment industry itself has become tightly regulated and institutional. Gone are the days when Bay

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Street was the wild west governed by a part-time Marshall. Institutions now dominate stock market trading. The many leading securities priced in triple digits are obviously there for institutional consumption. Share splits to

attract retail investors are now a rare event. Increasingly, the individual is steered into investing in “products” put together by the institutions rather than to own individual securities.

In recent years, technology companies have become the Stars of the financial markets, particularly the FANG

stocks and such nephews and nieces as Shopify and Uber. Junior resource stocks are now rarely mentioned in the financial pages. The senior base metal and forestry companies are relegated to a sub-index called materials.

The automotive industry earned a welcome boost in consumer interest with the technological enhancements on the new models. They also benefited from the ecologically induced trend to accept electric cars.

Among millennials especially, the combination of TV movies, ordering meals online, taking courses online, online investing, online bill paying and shopping, plus a few hours a day socializing via mobile phone, looks very much like a serious cocooning trend, if not an epidemic of agoraphobia. The members of this lifestyle are only mildly interested in accumulating possessions.

So how should investors adjust to these changes? What areas have above average investment potential? Investing directly in technology companies usually requires great expertise, and the social media companies face uncertainty over the imposition of restrictive regulations and additional taxes. Instead, it might be better to look at those industries that will benefit from new technology rather than produce it.

Senior care is one such industry. As well as being the most rapidly growing segment of our population, seniors have the wealth and the votes to obtain the very best.

## COPING WITH CHANGE

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The looming shortage in senior-care accommodations is well documented. Technology can provide the convenience of remote health monitoring and a more stimulating environment.

The transportation industry is also poised to provide investment opportunities. Urban centers require a reduction in automobile traffic. More people, cars and trucks have turned urban arteries into smelly parking lots. Public transportation, electric vehicles, modified golf carts, bicycles and drones will be part of the solution.

The investment opportunities in the transportation industry will be part of the long-awaited and forever-promised boom in infrastructure spending. Regulatory matters have delayed acceptance of many projects, but improved technology has overcome many objections.

Large engineering companies should be entering a period of great prosperity.

Still, the most dynamic growth may be in emerging markets. The most reliable formula for economic growth is the movement of a significant portion of a population from a primitive status to an urban middle-class existence. India is regarded by me and by others as a good place to invest for this and other reasons. Its economy has the potential to be the third largest in the world.

Investors face a period of significant change. The old economy is fading quickly. Lucky for us, Canada's diversity and open economy prepares us for change and the many opportunities it creates.



**Briar Foster** is the founder and former CEO/Chairman of Foster & Associates Financial Services Inc (Foster), and remains a Board Member of FAFS Holding Corporation, the parent company of Foster.

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