



PORTFOLIO
WEALTH
GLOBAL

Classic Issue



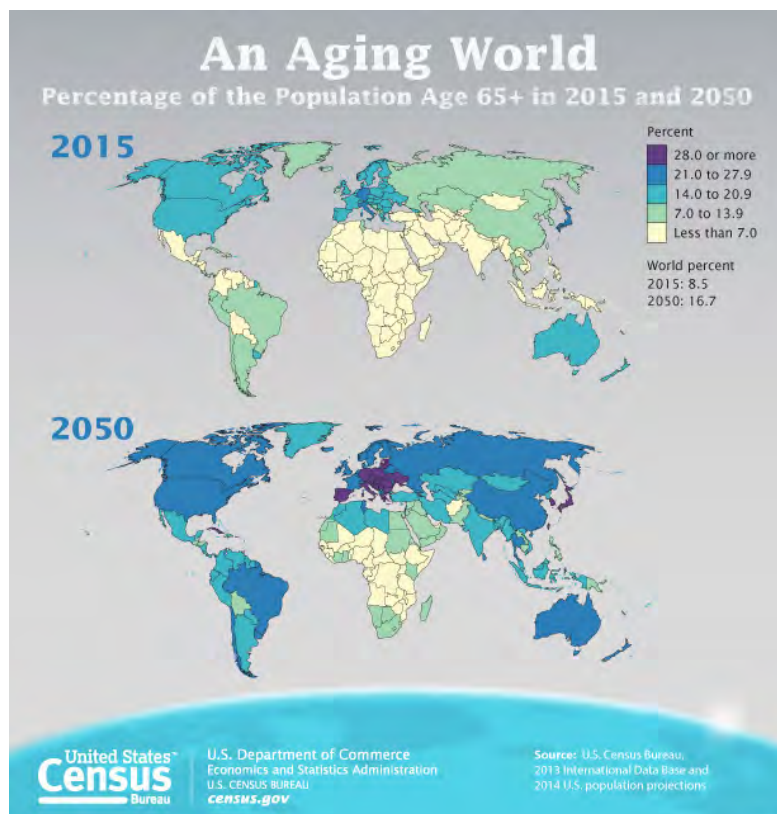
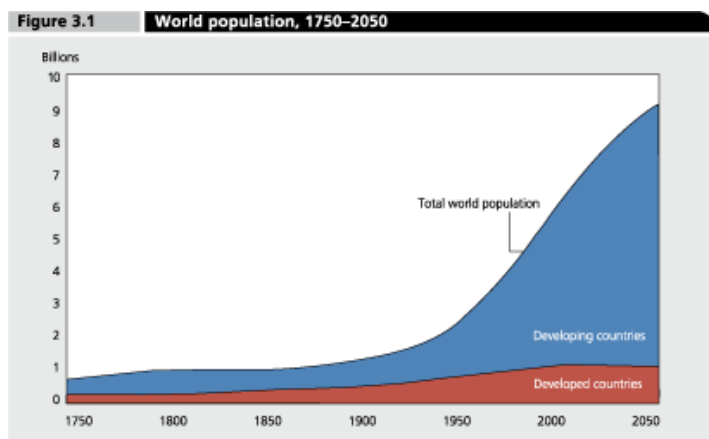
**Make a Fortune
from Cradle
'til Grave**

Make a Fortune from Cradle 'til Grave

One thing is for sure: no one leaves this planet alive, but that doesn't mean we can't extend our stay here. In the 21st century, many millions of people will live to be 100+ years old. The Guinness Book of World Records will be revised many times over.

World Population Facts

1. The older population, 65 years or older, numbered 46.2 million in 2014 (the latest year for which data is available). They represented 14.5% of the U.S. population, or about one in every seven Americans. By 2060, there will be about 98 million older people, more than twice their number in 2014. They are expected to grow to be 21.7% of the population by 2040.
2. **Developing countries face aging revolution:**
In 2050, just 35 years' time, there will be more older people worldwide, aged 60 and over, than children under 16 for the first time in history.



Today, almost two-thirds (62%) of the 868 million people in the world aged over 60 live in developing countries; this proportion is expected to increase to 80% in 2050.

The fact that more people are living longer in developing countries is a cause for celebration, but this new reality also brings new challenges if it goes unrecognized. New analysis by Age International finds that diseases commonly associated with aging make up three of the top four causes of death in low- and middle-income countries.

If you were starting a new business and you were able to choose from all the different industries in the world today, one of the most lucrative aspects of the business world is a model where a company can be important to its customers throughout their life – from infancy until old age. In this way, the brand is an integral part of the customer's life.

What industry is that vital?

The answer is health care.

Unlike anything else in your life that becomes worn out, torn, lost, broken, dysfunctional, or out-of-date and can simply be replaced with a newer model, like an appliance, a car, or home remodeling, your body is irreplaceable. We are all born with a physical body, and with it we express ourselves. It is ours to take care of. This is a great challenge to most of us. The average life expectancy today is much higher than a century ago, when medicines had just started to become popular and mainstream. The U.S. population is experiencing an aging boom, but the biggest boom is coming, as the chart points out, from the developing world, currently experiencing what Europe went through two centuries ago – an industrial revolution.

As a business owner, the aging boom, along with an overall population boom, coupled with higher standards of living, driven by the developing worlds' industrial revolution is the perfect recipe for companies selling health care products.

A Business That Never Becomes Old

The company that is most prepared to serve this booming trend is already leading in many respects the chase to supply babies with superb products, as well as adults. Their future is bright, and the future of their shareholders is brighter, in my opinion.

It was founded in 1888 and began paying a dividend in 1924. In the past 43 years, this company has managed to increase its dividend without fail, which to me is proof that it keeps on growing and earning more profits. It also proves that the company has a strong competitive advantage, otherwise other companies would eat from its profit pie, and the company wouldn't be able to increase dividends – it would need every dollar to stay afloat. While many companies like to talk about the fact that they plan to achieve global dominance and enter into the developing countries' market, this company already generates close to 50% of their revenue from emerging markets and another 20% from international developed markets.

Competitive Advantage



Imagine you own a toy store. Parents bring their children there, and they feel like it's paradise. Children absolutely love toys, and parents spend a fortune on all the latest fads. When a little boy turns into a teen, he loses interest in your store, and a beloved customer is gone. As an owner of a toy store, this customer has outgrown what you can offer him. Imagine if you could keep his interest for 20 or 30 years longer.

The company that we are researching today has something to offer every person on the planet from the day he is born until the day he unfortunately says goodbye. It has ingrained the mantra "Life. To the fullest," and it stands behind this slogan.

On top of being global, it sells 50% of its products directly to customers – companies that sell retail are far better at adapting to ever-changing demand and tastes and have far better margins. Lastly,

once a person suffers from diabetes or needs dialysis, he will most likely become a customer, and these two problems are some of the most common in the world. The last unique attribute worth mentioning is that the company implements a strategy not practiced, unfortunately, by many companies: it designs and manufactures its products directly in the markets it intends to market and sell them at. That's how it is able to always know the local and national preferences of its consumer base and is able to offset much of the currency fluctuations. This system breeds sound relationships.

The Most Recession-Proof Business On the Planet

This business managed to grow its earnings each year of the Great Recession, and its stock fell 5% while the S&P 500 declined 38%.

This company is a fortress of wealth:

- 2007 earnings-per-share of \$2.84
- 2008 earnings-per-share of \$3.03
- 2009 earnings-per-share of \$3.72

It has an expected earnings-per-share growth rate of 10% a year over the next several years. In addition, the company currently has a 2.5% dividend yield. Investors should expect total returns of around 12.5% a year going forward from dividends and earnings-per-share growth. An investment that grows at 12.5% a year doubles in value about every every 6 years. Not bad for a well-established health care business with fairly low risks, thanks to its strong competitive advantage. In 2015, it launched 38 new products.

The company we believe you should consider as a core holding going forward is:

- #1 worldwide in adult nutrition
- #1 in the U.S. pediatric nutrition
- #1 in Lasik
- #1 in blood screening
- #2 in cataract treatment
- #2 pharmaceutical company in India

This company is Abbott Laboratories (NYSE:ABT).



Business Overview

The company operates in 4 segments:

- Nutrition generated 34% of total revenue
- Medical devices generated 25% of total revenue
- Diagnostics generated 23% of total revenue
- Established pharmaceuticals generated 19% of total revenue

The nutrition segment manufactures and markets [Ensure](#), [Pedialyte](#), [Similac](#), [Zone Perfect](#), [EleCare](#), and other health-oriented nutrition products for every stage of human life from being an infant to old age.

The medical devices segment manufactures and sells optical, vascular, and diabetes care devices and equipment to health care providers.

The diagnostics segment manufactures and sells various instruments, tests, and diagnostic equipment to blood banks, laboratories, and other health care facilities throughout the world.

The established pharmaceutical segment sells generic pharmaceuticals outside the United States. The segment operates primarily in emerging markets.

CEO in the Spotlight



Miles D. White was born in Minneapolis, and holds two degrees from Stanford University. He joined Abbott in 1984, was elected to the board in 1998, and that same year became CEO. The following year, he was named Chairman of the board. He also serves on the board of McDonald's and Caterpillar. On top of that, he is the former Chairman of the Federal Reserve Bank of Chicago. He is a member of the board of the US China Business Council, the Business Council, and the Business Roundtable. He is Chairman of The Culver Educational Foundation, a board trustee of Northwestern University, and a member of the Global Advisory Board at the Kellogg School of Management. He serves on the board of the Lyric Opera of Chicago, and is a fellow of the American Academy of Arts and Sciences.

Abbott's leadership team is impeccable, and their own fortunes are tied with the company's success. Miles owns 1,460,517 shares, which translates to \$61,000,000 at the time of this writing. This company earns an enormous amount of money. Its gross profit for 2015 was \$11,658,000,000, with a net income of \$4,423,000,000.

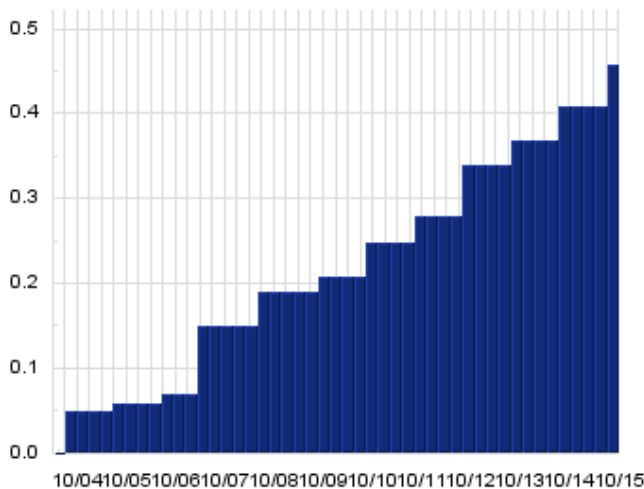
Compounding

Defined by Albert Einstein as the 8th wonder of the world, compounding is the surest strategy to achieve long-lasting wealth in the stock market.

Abbott is an investment that keeps on growing with a high degree of certainty at about twice the rate of the S&P 500. This is a wealth machine.

Valuation

The global population keeps on growing, and this provides Abbott Labs with essential backwinds. This company can keep on growing at 12% a year for decades to come. It has positioned itself in the most professional manner to win the race of supplying the world with necessary products that matter and that people can't cut back on. It keeps raising its dividend year after year, making it one of only 50 companies to do so, and its payout ratio can grow tremendously.

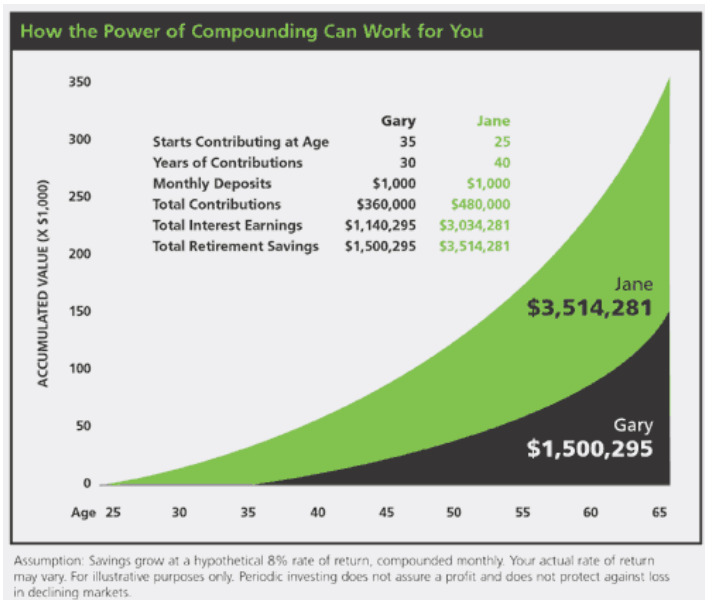


TickerTech.com Jan 11, 2016

Disclaimer

This work is based on SEC filings, current events, interviews, corporate press releases and what we've learned as financial journalists. It may contain errors and you shouldn't make any investment decision based solely on what you read here. It's your money and your responsibility. The information herein is not intended to be personal legal or investment advice and may not be appropriate or applicable for all readers. If personal advice is needed, the services of a qualified legal, investment or tax professional should be sought.

Please read our full disclaimer at <http://portfoliowealthglobal.com/disclaimer/>



In WRG's analysis, this company is a bargain at under \$37 per share, and should be accumulated when trading under \$40 per share, as of the time of this writing (July 2016).

I personally intend to hold on to my shares for decades to come, and I believe that in 25-30 years, the annual dividend will be close to 50% of my original investment, making ABT a true addition to my financial fortress. You should consider making it a core holding as well.