The Top Three ETFs to Hold for 20 Years

Just last week, we highlighted several opportunities in the marijuana boom.

Most have already begun to take off for us, including:

- Kush Bottles (KSHB), which ran from $3.80 to $4.50
- Lifestyle Delivery (LDSYF), which ran from 72 cents to 91 cents
- OrganiGram Holdings (OGRMF), which ran from $3.50 to $4.20
- Aphria Inc. (APHQF), which ran from $14.05 to $17.13
- Canopy Growth (TWMJF), which ran from $24 to $31

Looking ahead, we have an even bigger opportunity, as biotech and pharmaceutical names begin to explode, too.

Sometimes, the greatest opportunities are hiding in plain sight.

Yet, they’re ignored, or “left for dead” out of fear that a sector may be too speculative. Biotech and pharmaceutical stocks are the perfect examples. But only the foolish have ignored the rewards the sector has produced — and will produce.

In 2008, I first began telling folks to back up the truck on biotech.

At the time, I told many to buy the iShares NASDAQ Biotech ETF (IBB) at just $80 a share on one key catalyst – 80 million Baby Boomers were just beginning to retire beginning in 2008. For the next 20 years, 10,000 Boomers would retire by the day, seeking better care, new innovation and ways to live longer.

Who could ignore that?

By 2015, the IBB ran as high as $400 a share pre-split.

Granted, it pulled back on political threats, fears of overvaluation from our own Federal Reserve, and the idea the bubble had been pricked. But as a long-time trader in the sector, I can tell you with a good amount of certainty that even at $108 in January 2018 following a 3:1 split, there was still opportunity to be had.
Not only are Baby Boomers still retiring, but also the innovation, the demand, and the potential for mergers and acquisitions is fueling multi-year boom.

Celgene’s agreed takeover of Impact Biomedicines in a deal worth up to $7 billion, Novo Nordisk’s $3.1 billion offer for Ablynx, and Takeda Pharmaceutical’s plan to buy TiGenix for $630 million have already got 2018 off to quite a start, according to Reuters. Better yet, according to consultancy firm EY, we could see $200 billion worth of deals this year.

Sector innovation is just as intense.

In fact, in late 2017, the FDA approved the first CAR-T cell therapy that can genetically alter a person’s own cells to fight against cancer – a milestone that is expected to change treatment options as we know it. This latest one is approved for children and young adults for an aggressive type of leukemia, B-cell acute lymphoblastic leukemia.

In short, it’s not smart to bet against biotech or pharmaceutical names.

Some of the best ways to trade biotech these days are with ETFs, such as:

**iShares NASDAQ Biotech ETF (IBB)**
- **Net Assets:** $10.3 billion
- **Expense Ratio:** 0.47%

The iShares NASDAQ Biotech ETF tracks the investment results of biotech and pharmaceutical stocks listed on the NASDAQ. At just $108 a share, the IBB has holdings in Biogene, Celgene, Amgen, Gilead Sciences, Illumina, Incyte Corporation and Alexion Pharmaceuticals.

**SPDR S&P Biotech ETF (XBI)**
- **Net Assets:** $4.56 billion
- **Expense Ratio:** 0.35%

XBI provides exposure to one of the broadest portfolios among US biotech ETFs. The fund equal-weights its portfolio, which in turn emphasizes small- and micro-caps and greatly reduces single-name risk. At $85, it has holdings in Array BioPharm, Amicus Therapeutics, and Neurocrine Biotechnologies and Exelixis.

**ProShares Ultra NASDAQ Biotech (BIB)**
- **Net Assets:** $450.7 million
- **Expense Ratio:** 0.95%

The investment seeks daily investment results that correspond to two times (2x) the daily performance of the NASDAQ Biotechnology Index. At $57.50, it has holdings in Biogen, Amgen, and Gilead Sciences.

Ever since the first Baby Boomer retired in 2008, biotech and pharmaceutical names have been some of the most explosive. And we certainly can’t ignore the catalysts likely to send such investments higher.

For the next 20 years, 10,000 Boomers will retire by the day, seeking better care, new innovation and ways to live longer.