

Aging Baby Boomers/Echo Boomers Theme

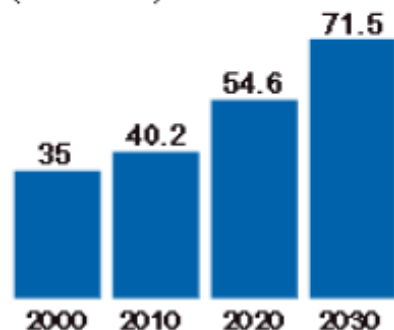
We believe that the most successful investment themes present opportunities for many years, and evolve over time. While the Aging Baby Boomer demographic can hardly be described as “under-appreciated”, the characteristics and habits of this group have changed over time, and continue to offer excellent prospects. In addition, the offspring of Baby Boomers – the so-called Echo Boomers – are coming to the forefront as the next wave of influential consumers, and they have distinct buying preferences and needs that will present new investment opportunities.

Key Market Statistics:

- Baby Boomers account for 1/3rd of the U.S. population; their children, the so-called Echo Boomers, account for 1/3rd of the population.
- Baby Boomers represent 50% of consumer spending, and 2/3rd's of our economic activity revolves around consumer spending.
- Echo Boomers currently have some \$170 billion in annual purchasing power.
- The average Baby Boomer is now 60 years old; the first Echo Boomers are graduating from college with good incomes.

Boomer boom in 2030

By the time the last boomer turns 65, the population age 65 and older will have doubled. Number, age 65 and older (in millions):



Investment Opportunities:

Baby Boomers:

- Assisted Living
- Leisure & Recreational Spending

Echo Boomers:

- College-related expense
- Low-end housing and apartments
- Media/Entertainment

Fraser Management's Investments:

- Assisted Living:
Our best idea within the Aging Baby Boomer theme is within the assisted living sector. It is a well known fact that seniors' need for assistance rises dramatically with age. We are entering a period in which many more seniors can afford assisted living.
- Leisure & Recreational Spending:
As Baby Boomers enter retirement and have more money to spend on themselves, it is only natural that they buy boats, recreational vehicles, and so forth.

The Aging Baby Boomer demographic is the trend we have invested in for the longest period of time, dating back to the early 1980s. Our focus has shifted from areas like medical devices early in the trend, as the opportunities have evolved. We will continue to study the needs and buying habits of the group, and we believe the children of Baby Boomers – Echo Boomers – represent an extension of the theme that will have impact for decades to come as well.