

Sponsored: Investors Are Turning to These Resilient Sectors in Today's Turbulent Markets

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By: Jim Condon, president of Strategic Capital Fund Management

Global markets are being pressured by increasing reports regarding the spread of COVID-19. As a result, investors are concerned about their investment portfolios and many have retreated to cash with hopes of waiting out the market pullback. Others are turning to their financial advisors for answers, updates and guidance. But while many market sectors are suffering, some are standing strong in the face of adversity. Savvy financial advisors are using that as an opportunity to differentiate themselves from competitors, calm the nerves of their clients and offer solutions in these turbulent times.

According to analysis by BofA Securities, wireless infrastructure and data center real estate are two sectors that



should continue to do well even if the economy starts feeling a greater impact due to COVID-19. It's no wonder they are so resilient given how much we rely on these digital infrastructure assets as we go about our day to day routines.

Data centers serve as the backbone of our internet-based economy, the cloud, mobile computing and practically all activities involved with using a computer, tablet or mobile device. Virtually every major corporation in the U.S. uses data centers. They save and store colossal amounts of information, run sophisticated applications and transmit enormous amounts of data in microseconds. BofA noted that "they're largely immune to an economic downturn." In a recent CNBC interview John Kim, an analyst at BMO Capital Markets, stated "There probably will not be any slowdown in demand for data. The coronavirus is not going to impact that at all."

Wireless infrastructure including cell towers, fiber networks and antenna systems, carries the digital traffic of our everyday communications helping us and our devices stay connected to essential data, people, communities and businesses. Once seen as an added benefit, reliable connectivity without restriction - all the time, at full speed, on any device, from anywhere - has become the expectation in our connected world.

According to a recent, Motley Fool article, cell towers generate steady rental revenue backed by long-term leases, making them relatively resistant to a recession. Further, BofA noted that "mobile data demand usage is growing by 30% to 40% per year, and it isn't likely to slow even if the economy weakens."

Our insatiable demand for data, information and continuous connectivity is why many now consider digital infrastructure something of a fourth utility that is considered to be as crucial as water, gas and electricity. It is highly unlikely that COVID-19 will cause consumers to abandon their cell phones or businesses to stop relying on the data and connectivity that serves the needs of their employees and customers.

"Strategic Capital Fund Management has assembled two experienced investment teams with deep domain expertise in digital infrastructure to source opportunities in these dynamic market sectors," stated Jim Condon, President of Strategic Capital Fund Management. "Remote work, virtual healthcare and distance learning have been thrust into the spotlight as a result of COVID-19 and digital infrastructure plays a critical role in supporting these initiatives."

As the world continues to combat the coronavirus pandemic, tele-commuting, tele-health, and tele-education have taken center stage placing even greater emphasis on our dependence on digital infrastructure. Many of us are also distancing ourselves by staying home and relying on platforms like Amazon video, Netflix, Hulu and Disney+ for on-demand entertainment.

According to Wurl Inc., the amount of time people spent streaming spiked by more than 20% worldwide, including more than 40% in Austria and Spain on the weekend of March 14th. Wireless carriers also reported to the FCC that network use had risen about 20-35 percent for fixed networks and 10-20 percent for cellular networks in recent weeks, with increased demand in suburban, exurban, and residential areas during daytime hours. In addition, our cell phones and apps like FaceTime, Skype, Slack and Zoom are helping us stay connected to family, friends and



coworkers. Now, more than ever, we're relying on technology, data and connectivity. And digital infrastructure is at the heart of it all.

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