**Favorite Stocks to Profit From Big Trends**

Fund managers search for ways to play changes like our smartphone society and fracking

By Tom Lauricella

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Change is on the way. Big changes.

Beyond the short-term ups and downs of the stock market, there are broad trends at work in the business world and global economy that promise to reshape industries for years to come—and drive long-term stock returns.

Among them: a revolution in energy production led by the huge growth in U.S. natural-gas production, the rise of mobile and cloud computing, and the rapid growth of consumer demand in emerging markets.

These themes, of course, are widely known among stock-fund managers, and the companies at the center of the trends have gotten a lot of attention. So, many managers are searching for different types of bets—such as companies that support a booming industry or benefit indirectly from it.

"In the Gold Rush, one way to make money was to sell the pickax," says Mitch Rubin, chief investment officer at RiverPark Funds, which manages $2.4 billion.

Here's a look at how fund managers are finding new ways to tap into these long-term trends.

Mobile Technology

If there's one secular change that touches most people's daily lives, it's the shift of technology to mobile devices. By 2014, the world will have more cellphone accounts than people, according to the International Telecommunication Union.

The number of cellphone accounts world-wide has tripled since 2005 (Source: International Telecommunication Union) Associated Press

Mr. Rubin has been an Apple Inc. shareholder as a way to play the trend directly, but he also takes the "pickax" route. In particular, he looks to the infrastructure needed to run cellphone and wireless-data networks—the companies that own and manage cell towers. "You don't know which handset is going to sell more, which network will be better, but I know for sure that as long as there is more than one network, there are going to be a lot of antennas on towers paying rent," Mr. Rubin says.

His two holdings in the group are American Tower Corp. and SBA Communications Corp. Of the pair, SBA is faster-growing, though it carries a larger load of debt. American Tower recently converted to a real-estate investment trust, which lowers the company's tax rate and helps investors earn a higher income stream, he says.

SBA is up 20% for the year through the end of November, and American Tower up 1.7%.

Scott Migliori, co-manager of the $540 million AllianzGI Focused Growth, likes Yelp Inc. as a play on the growth of mobile technology. The appeal is Yelp's ability to generate local advertising on mobile devices, he says.

While the company started as a platform for users to write and read reviews of businesses, he says, "they're just now figuring out ways to really monetize it."

The global positioning signals in mobile devices allow businesses to know where people are. Yelp can connect businesses to potential customers in the area, whether they are searching for a place to eat or just looking in a store window, he says.

"Billions of dollars have been spent on yellow-pages advertising," he notes. Yelp, he says, can be the smartphone equivalent. Yelp is up 222% in 2013.

Emerging-Markets Demographics

Among the most powerful long-term trends in the world is the economic transformation of emerging-markets nations. Fueling this shift are positive demographic forces, with younger populations than in the developed world.

Nearly one-third of the world's working-age population is in India (Source: J.P. Morgan Chase) Bloomberg News

India, for example, has nearly one-third of the world's working-age population and the figure is rising, according to J.P. Morgan Chase & Co. Along the way, many emerging-markets countries, such as Mexico, are seeing a growing middle class with more disposable income.

A common way to play this trend has been to buy shares in U.S. or European luxury-goods producers or the world's biggest consumer-goods brands, such as Nestlé SA .

But Conrad Saldanha, manager of the $446 million Neuberger Berman Emerging Markets Equity, likes to capitalize on the transformation happening among rural communities.

"For that, you've got to focus on more locally oriented companies that have strong distribution networks," he says.

For instance, Dabur India Ltd. 's business line focuses on foods and medicines traditional to India, as well as more Western-style goods. "They've got a much bigger rural footprint…and don't compete head on with a Unilever or Procter & Gamble, " Mr. Saldanha says. Dabur shares are up 28% this year.

Among emerging-markets economies, the 800-pound gorilla is China. For Sammy Simnegar, manager of the $2.8 billion Fidelity Emerging Markets, one play on China's rapidly growing middle class is e-commerce giant Alibaba Goup Ltd.

In November, the firm posted nearly $6 billion in online sales in a single day. By way of comparison, some $2.75 billion gets spent online on Black Friday and Cyber Monday in the U.S., Mr. Simnegar says. Alibaba is "very, very big and very profitable."

The catch is that Alibaba isn't yet a publicly traded stock. Its initial public offering—which could raise $10 billion—is expected in 2014.

But there are ways to invest in Alibaba indirectly for now. That's a big reason Mr. Simnegar owns shares of two other public companies that hold big stakes in Alibaba: Japan's SoftBank Corp. and Yahoo! Inc.

Yahoo shares have risen 85.8% this year and SoftBank, 176%.

The Energy Boom

Back in the U.S., production of natural gas has jumped 25% since the beginning of 2005.

For stock pickers, the direct plays on this trend are the companies that have been engaged in drilling for natural gas using hydraulic fracking, a technique that has become commercially viable in the past 15 years.

U.S. natural-gas production is up 25% since the beginning of 2005 (Source: Energy Information Administration) Bloomberg News

RiverPark's Mr. Rubin says his favorite names are Southwestern Energy Co. and Cabot Oil & Gas Corp. "They own some of the best resources in natural gas in America," Mr. Rubin says, adding that "they're trading at a tremendous discount to the amount of average acreage they own."

Southwestern is up 15.7% in 2013 and Cabot, 38.7%.

Brian Angerame, who manages the $1.4 billion ClearBridge Mid Cap Core, has also looked to exploration companies such as Pioneer Natural Resources Co. for direct bets on the growth of domestic oil and natural-gas production.

Pioneer, for example, is one of the largest drillers operating in the extremely productive Permian Basin in west Texas. Its shares are up 66.8% this year.

But as with RiverPark's Mr. Rubin, Mr. Angerame is also investing in "pickax" sellers. In his case, it's a company that puts roofs over the workers' heads: Oil States International Inc.

Oil workers have flocked to remote small towns in search of jobs. The population of Williston, N.D., for instance, was 14,700 in 2010 and today it has at least doubled, reports say.

Many of these workers end up in "man camps" that Oil States builds and operates.

"It's not just four walls and a bed; they provide services like cafeterias, laundry and security," Mr. Angerame says. Oil States has gained 43.1% in 2013.

Mr. Lauricella is a reporter and editor for The Wall Street Journal in New York. Contact him by email at tom.lauricella@wsj.com.