



## 3 Terrific Buy-and-Hold Stocks for Young Investors

### Description

Ah, the appeal of being young. You can eat (or drink) most anything without fearing the consequences. You can backpack across Europe or start a business out of your parents' garage, since usually the only person you need to worry about supporting is yourself. Financial setbacks will always hurt, but at least somebody in their 20s has a minimum of three decades to make amends.

When it comes to investing, it's often stated that younger investors should be taking on more risk. To borrow a baseball metaphor, they should swing for the fences. This is terrific advice, except for one thing: It's just too darn broad.

Take, for example, **Radio Shack** (NYSE: RSH), a U.S. company I think is going bankrupt. Buying a few thousand shares of the struggling retailer won't set you back all that much since its shares trade for less than \$1 each, and it's certainly a very risky investment. Sure, the shares could triple or even more if it cleans up its act, but that looks unlikely. Taking on risk just for the sake of taking on risk isn't a smart move.

Instead, young investors should find good, solid companies that are leaders in their space and have economic moats so they won't be threatened by competitors. Large dividends are a nice bonus when picking these types of stocks, but not necessary, especially for a someone just starting out. Here are three companies that meet the criteria.

### Saputo

Even though **Saputo** ([TSX: SAP](#)) has been very active in gobbling up its competitors, the growth story for Canada's largest dairy producer is still in the early innings.

The company currently has operations in Canada, the U.S., Argentina, and most recently Australia, with its acquisition of Warrnambool, the oldest dairy producer in the country. Not only does this give the company a foothold in a nation that consumes a lot of dairy per capita, it also opens up opportunities to export to China, perhaps the most lucrative milk market in the world based on population and growth rates.

And that's not all. Dairy production around the world is an extremely fragmented business. Recently on a conference call, management said that opportunities for expansion were everywhere, with a focus on the U.S., Brazil, New Zealand, and here in Canada. This is just the beginning of Saputo's growth.

## Telus

**Telus** ([TSX: T](#))([NYSE: TU](#)) doesn't offer investors quite the growth story that Saputo does, but its record of giving back to shareholders is second to none.

The telecom giant's dividend currently sits at 3.9%. Since 2009, Telus has raised its dividend nine times, increasing its payout by more than 50%. The company has pledged to continue hiking the dividend twice per year until at least 2016.

Telus has also aggressively repurchased its own shares. In the 12 months between March 31, 2013 and March 31, 2014, the company bought back more than 30 million shares, reducing the overall share count by about 5%.

If you combine the share repurchases and the dividend, Telus is returning nearly 10% a year to shareholders. That's the kind of company a long-term investor should get behind.

## Cameco

Even though the unfortunate situation in Japan set it back a few years, it's obvious that nuclear power is going to play a big role in generating power in the future.

Nuclear has one big disadvantage — when things go wrong, they tend to go *horribly* wrong. That doesn't negate all the positives, though, including nonexistent greenhouse gas emissions and a low cost of production once the plant is built. Additionally, operators have gotten much more efficient at extracting power from uranium, which means less nuclear waste.

While shares in **Cameco** ([TSX: CCO](#))([NYSE: CCJ](#)) are somewhat depressed because of opposition to nuclear power, this is a great entry point for long-term investors. Cameco is the largest uranium miner in Canada, and will benefit from the inevitable growth in nuclear energy for the next few decades. The company also offers investors a 1.9% dividend and a solid balance sheet.

## CATEGORY

1. Investing

## TICKERS GLOBAL

1. NYSE:CCJ (Cameco Corporation)
2. NYSE:TU (TELUS)
3. TSX:CCO (Cameco Corporation)
4. TSX:SAP (Saputo Inc.)
5. TSX:T (TELUS)

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