



## How 4 Stocks Will Let Investors Retire Rich

### Description

In an effort to produce above-average returns, many investors attempt to trade more often than needed; in almost all cases, this does more harm than good. Over the past several years, there have been a number of companies that have performed well above expectations for the long term. While certain names have cooled down and may be ready to begin running again, there are others that have been red hot for many years now. Investors wishing to retire rich have a high probability of making it happen by buying and holding the following four stocks.

We'll begin with one of Canada's best-known institutions. Shares of **Bank of Montreal** ([TSX:BMO](#))([NYSE:BMO](#)) currently offer a dividend yield of 4% and have experienced price appreciation of 55% over the past five years. Following a compounded annual price appreciation of 11.6% in addition to the dividends, investors can expect above-average long-term returns from a sector with only a handful of major players. The catalyst for shareholders to see major appreciation in this investment will be the higher interest rates, which will increase the amount of revenues generated from lending of money to consumers.

The second name to add into the portfolio is the country's largest railroad: **Canadian National Railway Company** ([TSX:CNR](#))([NYSE:CNI](#)). After an incredible five-year run, CN has finally started to cool once again. Moving more goods across the country than almost any other company, the railway, which offers a dividend yield of less than 1.75%, is probably one of the most rock-solid yields available in the market today. Although the share price remains high (leading to a lower yield), investors will see a significant amount of their returns come from the appreciation in the share price. Over the past five years, shares have increased by more than 330% in addition to the dividend.

With a network which can't be replicated, the catalyst will come when oil appreciates to more than US\$50 per barrel and companies return to favouring transportation by rail instead of other, costlier alternatives. Until then, investors will be paid a dividend to remain patient.

The third stock is defensive **Algonquin Power & Utilities Corp.** ([TSX:AQN](#))([NYSE:AQN](#)), which is a utility company. With this name, returns will not be as exciting, but the dividend yield will be close to 4.5% with the potential for investors to receive an increase every year. Unlike the previous names, no

catalyst is required for investors selecting this investment. Over the next decade, there will be fluctuations in the share price and relatively high dividend-payout rate to investors. For those who purchase shares at a lower price, the dividend yield will be higher, leading to larger gains in both capital appreciation and dividend income.

The last name to round out the four-stock portfolio is **Shopify Inc.** ([TSX:SHOP](#))([NYSE:SHOP](#)), which — as a technology company — offers online businesses the ability to better conduct business over the internet. As the company is in its infancy stages, it will be important to monitor this name a little more closely than the others.

Barring a major secular change, however, Shopify is one of the best-known, fastest-growing companies today. With revenues almost doubling in each of the past two fiscal years, the company offers investors the potential to invest in an operation which can much more easily be scaled than any traditional brick-and-mortar outfit. Investors putting a significant amount of their portfolios into this name will need to have a higher tolerance for risk than average as a higher potential for growth will lead to more excitement.

## CATEGORY

1. Investing

## POST TAG

1. Editor's Choice

## TICKERS GLOBAL

1. NYSE:AQN (Algonquin Power & Utilities Corp.)
2. NYSE:BMO (Bank of Montreal)
3. NYSE:CNI (Canadian National Railway Company)
4. NYSE:SHOP (Shopify Inc.)
5. TSX:AQN (Algonquin Power & Utilities Corp.)
6. TSX:BMO (Bank Of Montreal)
7. TSX:CNR (Canadian National Railway Company)
8. TSX:SHOP (Shopify Inc.)

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