3 Stocks to Help You Retire Rich

Description

Most people start to invest for their retirement many years before it begins, so they can have enough money to live comfortably during their old age. However, if you want to retire rich, you must choose your stocks carefully, as soon as you began to invest to profit from the compounding of returns.

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I'll suggest three stocks that are undervalued relative to their growth perspectives. The price of these stocks should eventually rise, as investors recognize their value, and they should therefore show strong returns in the next years.

National Bank of Canada (TSX:NA)

It's always a good idea to own a bank in your RRSP. Banks pay high dividends that are increased regularly. Among Canadian banks, National Bank is particularly appealing. This bank is focused on increasing efficiency and is transforming its operations to improve growth in all sectors.

The sixth-largest Canadian bank pays a quarterly dividend of $0.60 per share for a high yield of 3.93%. Furthermore, earnings are expected to grow at a rate of 11.5% for the next five years.

National Bank is cheaper than other banks, with a P/E of 10.9 compared to 12.3 for its competitors. This bank's shares have a five-year PEG of 0.88, which means that you pay a reasonable price for its growth.

National Bank has a return on equity (ROE) of 18.2%, which is quite good.

If you had invested in this bank 15 years ago, you would have a compound annual growth rate of return of 11%.

CI Financial Corp. (TSX:CIX)

CI is one of Canada's largest investment fund companies. CI offers many mutual funds and is regularly winning awards.

This company pays a monthly dividend of $0.1175 per share for a high yield of 5.17%, so you get a reliable source of income that you can reinvest in additional shares. Its earnings are expected to grow at an average annual rate of 11.3% for the next five years.

CI has a forward P/E of only 10.3 and a PEG expected over five years of 0.97, which make the stock cheap. CI has a high ROE of 26.3%.

If you had invested in this asset management company 15 years ago, you would have a compound annual growth rate of return of almost 10%.

Lundin Mining Corp. (TSX:LUN)

Lundin is a base metal company primarily producing nickel, copper, and zinc.

Lundin improved its balance sheet significantly in 2017, ending the year with a net cash position instead of a net debt. This metal company will benefit from higher copper and zinc prices.

Lundin pays a quarterly dividend of $0.03 per share for a yield of 1.49%.

Earnings are estimated to grow at a high rate of 43.7% per year on average over the next five years. With a PEG expected over five years of only 0.38, Lundin is undervalued. Its trailing P/E of 12.4 is much lower than the P/E of 23.5 it had on average during the past five years. Lundin has a ROE of 12.5%.

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If you had invested in this mining company 15 years ago, you would have a compound annual growth rate of return of 21%. Few stocks show such a high return over such a long period of time.

CATEGORY

1. Bank Stocks
2. Dividend Stocks
3. Investing
4. Metals and Mining Stocks

TICKERS GLOBAL

1. TSX:CIX (CI Financial)
2. TSX:LUN (Lundin Mining Corporation)
3. TSX:NA (National Bank of Canada)

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