The Best Stocks for Young Investors to Buy in Their TFSAs

Description

We're almost halfway through the year, and many investors are once again taking a look at their investment accounts and wondering if it is time to re-balance or reconsider their holdings. In spite of every investor having their own asset allocation, it remains important for each person to understand the timeline they have.

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For young investors, simply buying growth stocks may not be enough, as the volatility could simply be too great. Here's a look at four incredible stocks that have a long runway for success over the next decade. The hope is that when considering all stocks in a portfolio, there is a fair amount of diversification over time, which will minimize the volatility.

The first name on the list is the very well known **Canadian National Railway** (TSX:CNR)(NYSE:CNI). It offers a unique footprint and dividend yield of 1.7%. Although there are many higher dividend yields available to investors, this name remains the most likely to to pay and raise the existing dividend over a long period of time. As the population increases, shipments and earnings will follow suit.

Complementing this name is none other than **Home Capital Group Inc.** (TSX:HCG). At a current price of $14.50, Home Capital Group trades at a substantial discount to tangible book value. Investors will want to take a position in this name for the mix of capital appreciation and dividend payments that will come in the future. Although the company cut its dividend to zero close to one year ago (after a run on deposits), investors who remain patient will eventually see money returned in the form of both a share buyback and dividends at a later time.

For young investors with time on their side, this name will be a big profit maker.

In the energy space, shares of **TransAlta Corporation** (TSX:TA)(NYSE:TAC) pay a reasonable dividend yield of 2.5% and offer a huge potential for upside over the long term. Barring an activist investor or takeover attempt (which could take shares off the market), the company has a substantial number of high-quality assets that management is working on monetizing for shareholders. With a lotof room on the balance sheet to increase debt, shareholders should not be surprised to see theinitiation of a major share buyback if to do nothing else than keep the activist investors away!

The last name to consider is U.S.-based **Chipotle Mexican Grill, Inc.** (NYSE:CMG). In spite of a few rough years, the company remains a growth story that the millennial generation has become accustomed to. Just as young investors will grow older and demand income from their portfolios, this company will mature alongside the millennial generation. To make this investment even more attractive, it is worth noting that Bill Ackman continues to be involved, and his track record is very good in the restaurant sector.

How this portfolio will grow and evolve over time will be one of the most exciting stories for investors to follow over next generation.

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TICKERS GLOBAL

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2. NYSE:CNI (Canadian National Railway Company)
3. NYSE:TAC (TransAlta Corporation)
4. TSX:CNR (Canadian National Railway Company)
5. TSX:HCG (Home Capital Group)
6. TSX:TA (TransAlta Corporation)

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