Here's How Gen Z Will Reshape the TSX Index

Description

It may be a safe assumption that "ethical" investing will be a growing trend among a new generation of young shareholders in years to come. While changes in consumer habits are already impacting the bottom line of some companies, Gen Z investors could favour renewables over heavily oil-weighted stocks, for instance, and value software and cloud-based tech over brick-and-mortar consumer cyclical outlets.

Fortis (TSX:FTS)(NYSE:FTS)

Utilities and consumer staples, while being among the most classically defensive investments available on the TSX index, may be low on the agenda of new investors. The stock market might therefore be expected to undergo a reversal of boomer-driven trends. With a mix of gas-fired and hydroelectric facilities, stocks such as Fortis may still find their way into an alternative fuel portfolio, however, thanks to its partial use of renewable energy sources.

Fortis has a lot going for it, from its large market share in a defensive industry to its standing as a solid passive income investment; its dividend yield of 3.64% is above the 3% mark, while dividends have been stable – and have increased – over the last 10 years. Additionally, Fortis has a positive (if not overwhelming) outlook, with an expected 4.8% annual growth in earnings.

Canopy Growth (TSX:WEED)(NYSE:CGC)

Despite the fact that some forms of intense farming put undue pressure on resources such as water and energy, legal marijuana is likely to be a popular choice among investors looking for a change from the accepted mix of banks, railways, miners, and oil companies.

There are certainly some good reasons to invest in a stock like Canopy Growth: its one-year returns of 69% are both satisfying and exciting, and its three-year past returns are even better. A beta of 3.88 relative to the TSX index and share price at nearly triple its future cash flow value shows that this high-growth stock has all the momentum a capital gains investor could wish for, while an 113.8% expected annual growth in earnings shows that this stock could defy gravity.

Roots (TSX:ROOT)

The accepted assumption among millennial-watchers was that the cohort would invest in name brands and companies that were recognizable and which would-be investors were using in day-to-day life. However, some of these assumptions seem to have turned out to be inaccurate, with that generation opting *en masse* for SUVs over smaller, more environmentally-friendly autos, for example, and eschewing certain clothing and food brands.

Roots is a good example of a TSX index name-brand ticker that could soar or sink depending on which way the new generation both buys products and invests in stocks. Up 4.94%, Roots enjoyed a late-February bump after driving downhill last May, only to start recovering at the end of the year. Buying confidence is still there for the time being, then, and it’s also good value for money right now, trading below book and with a P/E of 12.4 times earnings.

The bottom line

The strongest example of new consumer behaviours hurting stocks of late might be **Kraft Heinz Co.**, with its brand experiencing some downward momentum. Among Gen Z stock traders, brand loyalty is likely to be less of a factor than ethical considerations, with changes in advertising perhaps playing more of a role than they did with previous cohorts in a post-TV, post-**Facebook** era when it comes to forming consumer habits.

CATEGORY

1. Cannabis Stocks
2. Dividend Stocks
3. Energy Stocks
4. Investing
5. Stocks for Beginners

TICKERS GLOBAL

1. NASDAQ:CGC (Canopy Growth)
2. NYSE:FTS (Fortis Inc.)
3. TSX:FTS (Fortis Inc.)
4. TSX:ROOT (Roots Corporation)
5. TSX:WEED (Canopy Growth)

PARTNER-FEEDS

1. Msn
2. Newscred
3. Sharewise
4. Yahoo CA

Category

1. Cannabis Stocks
2. Dividend Stocks
3. Energy Stocks
4. Investing
5. Stocks for Beginners

Date
2025/08/18
Date Created
2019/04/04
Author
vhetherington