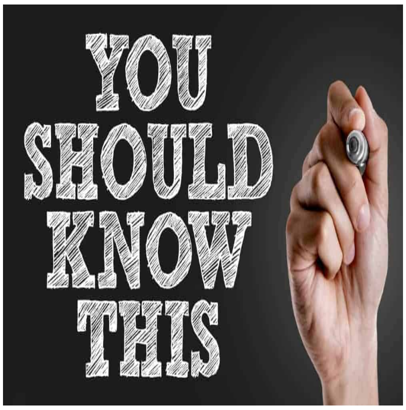


3 Stocks to Help You Retire Rich

**Description**

We carefully chose three stocks that would make you much richer than you'd imagine by retirement. The longer you have until retirement, the more wealth you can accumulate through these outperforming stocks by buying their shares over time.

The first two stocks offer juicy dividend yields of about 4-5% and investors can expect dividend increases of about 5-9% per year for pretty much forever. That guarantees a roughly 9% long-term total return per year — should you buy the stocks when they're fairly valued.



## Toronto-Dominion Bank (TSX:TD)(NYSE:TD)

Currently, TD Bank offers a yield of about 4%. TD has carefully cultivated a friendly franchise to serve more than 25 million customers around the world. TD concentrates on Canadian and U.S. Retail, which are relatively low risk.

Historically, buying the stock at a fair valuation delivered long-term annual total returns of 10-12%. Currently, there are concerns about the short interest and a potential housing market bubble.

That has depressed TD stock to the discounted levels that it's trading at now — about 11.2 times earnings, whereas it normally trades at 12.2 times.

TD Bank is one of the best low-risk dividend growth stocks investors can buy. Its five-year return on equity (ROE) is 14.3%. Even in 2009, its ROE was about 9%. In 2009, it generated net income of less than $3 billion. By 2018, that has more than tripled to $11 billion.

Investors can expect TD to earn more and more money. Naturally, TD's shareholders can also retire rich the longer their investment horizon is until retirement.

For the medium term, TD estimates earnings per share growth of 7-10% per year. That already implies a long-term total return of at least 11% from an investment today *without* accounting for the fact thatthe blue chip dividend stock is discounted.



## Brookfield Infrastructure Partners (TSX:BIP.UN)(NYSE:BIP)

Currently, Brookfield Infrastructure offers a yield of about 4.9%.

This table compares a long-term investment in Brookfield Infrastructure against the North American markets and utility indices in terms of annualized total returns.

| *As of February 6, 2019* | 5-year | 10-year |
|---|---|---|
| NYSE:BIP | 15% | 17% |
| TSX:BIP.UN | 19% | 24% |
| **S&P 500 Index** | 11% | 9% |
| **S&P Utilities Index** | 11% | 6% |
| **S&P/TSX Composite Index** | 6% | 7% |
| **S&P/TSX Capped Utilities Index** | 7% | 8% |

*Data from Brookfield Infrastructure's investor fact sheet*

NYSE:BIP's returns were already amazing, but TSX:BIP.UN's returns were even more incredible thanks to a stronger U.S. dollar against the Canadian dollar.

Brookfield Infrastructure's largely regulated or contracted cash flows (about 95% to be exact) make its cash distribution very safe, as it maintains a payout ratio of 60-70%. Indeed, since 2009, the utility has increased its cash distribution per unit at roughly 11% per year.

Going forward, Brookfield Infrastructure sees very visible growth and targets cash distribution growth of 5-9% per year, as well as 12-15% returns on its investments that are diversified globally across a wide range of quality infrastructure assets, including utilities, transport, energy, and data infrastructure.

## Shopify (TSX:SHOP)(NYSE:SHOP)

Shopify is a difficult stock to wrap your head around if you tend to invest in dividend stocks like TD Bank and Brookfield Infrastructure.

Shopify is a ridiculously overpriced growth stock. It pretty much just keeps heading higher no matter how expensive it seems to be. Analysts have no choice but keep raising their target prices on the stock as it nudges ever higher.

At US$214 per share, Shopify trades at nearly 500 times earnings! It has simply been growing super fast. A global economic decline? That hasn't affected Shopify at all!

Shopify's three-year revenue growth rate is 73%. Last year, it posted record revenue of more than US$1 billion. Moreover, its cash flow is estimated to grow at a very high clip.



As Shopify continues to simplify the process for businesses to sell online via its cloud-based e-commerce platform and maintain its competitiveness via innovation, there doesn't seem to be anything that can stop the high-speed train. As long as its stock price stays high, it can maintain a clean balance sheet with no debt hindrance by sourcing funds from the stock market.

Investors should be reminded that in a stock market-wide meltdown, Shopify would likely be beaten to a pulp. It wouldn't hold up much of a fight compared to TD Bank and Brookfield Infrastructure. However, that would be the time to buy Shopify on sale.

## Investor takeaway

Retire rich simply from buying shares in TD stock, Brookfield Infrastructure, and Shopify over time and ignoring the gyrations of the stock market.

**CATEGORY**

1. Bank Stocks
2. Dividend Stocks
3. Investing
4. Stocks for Beginners
5. Tech Stocks

**TICKERS GLOBAL**

1. NYSE:BIP (Brookfield Infrastructure Partners L.P.)
2. NYSE:SHOP (Shopify Inc.)

3. NYSE:TD (The Toronto-Dominion Bank)
4. TSX:BIP.UN (Brookfield Infrastructure Partners L.P.)
5. TSX:SHOP (Shopify Inc.)
6. TSX:TD (The Toronto-Dominion Bank)

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