



2 Growth Stocks That Are Great Options for an RESP

Description

An RESP is a useful tool for parents to help save for their children's futures, and it often doesn't receive the same attention that an RRSP or TFSA gets. However, it's a great way to defer taxes and get from free money from the government.

With an RESP, your time frame is probably going to be fewer than 20 years, so you want to pick stocks that are good long-term buys, but that won't take more than two decades for their potential to be realized. Clean energy stocks, for example, have a lot of potential, but I'm not sure how long they'll take before their technologies will reach the mainstream and wouldn't count on them just yet. Instead, the two stocks below offer a good balance between growth and stability and could be great fits inside an RESP.

Magna International ([TSX:MG](#))([NYSE:MGA](#)) is a great [value buy](#). It pays a dividend and has tremendous growth prospects for the future. With the stock trading around its 52-week lows, it became so attractive that I couldn't help but buy it myself.

Self-driving vehicles are making a lot of progress, and it's a market that I could see develop within two decades, and Magna is one stock that could benefit greatly from that. [Partnering with Lyft](#), the two companies are working on a complete self-driving technology that would have widespread appeal to car manufacturers that don't want to develop it themselves. Magna has already achieved a lot with self-driving technologies, as is evident by its MAX4 system.

That's why I'm optimistic at how much more Magna may be able to accomplish in the years to come. With the stock not trading at very high multiples and currently being valued at around 1.7 times its book value, investors can get the stock today at a steal of a price. It's also paying a solid dividend of more than 3% to its shareholders, adding even more potential income.

While concerns about tariffs might be weighing down the stock today, those are not issues I'd expect to see linger beyond the short term.

NFI Group ([TSX:NFI](#)) is another company that's slowing changing the makeup of the vehicles that are on the roads today. The bus manufacturer has been developing electric-powered buses that have

been gaining popularity around the world. As countries start adopting greener initiatives and taking orders for these vehicles, it'll give NFI's sales a big boost.

It's a process that will take years to progress, but one that I would expect within two decades to be realized. I also wouldn't be surprised if NFI were eventually acquired by a company like Magna to help boost its capabilities.

Since 2014, sales have risen by 74% as NFI has achieved significant growth already, and it still has a long way to go.

NFI is also an attractive investment for its growing dividend, which is yielding around 5.2% today. That's some solid cash flow that will help pad the stock's overall returns, which I would expect to be significant over the next two decades.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:MGA (Magna International Inc.)
2. TSX:MG (Magna International Inc.)
3. TSX:NFI (NFI Group)

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