



Young Investors: 3 Top Growth Stocks to Own for Decades

Description

I firmly believe that investors need to invest in different ways as they get older.

When you're younger, growing your capital is all that matters. And since most folks under 40 don't have much to invest anyway, they can more easily handle a loss.

Compare that to someone in their 50s or 60s. Chances are, retirement is just around the corner for these folks. They simply can't afford to lose 30-50% of their portfolio if we experience a major recession; they have to be more conservative.

An easy way for anyone to goose their returns is to embrace a young investor's philosophy. If you're worried about losses, just limit the strategy to a smaller part of your portfolio.

Let's take a closer look at three great stocks with the potential to significantly grow your capital over time.

Goeasy

Goeasy Ltd. ([TSX:GSY](#)) has quietly turned into one of Canada's premier growth stocks — a story that isn't anywhere close to over.

The specialty finance company really saw growth accelerate when it expanded into unsecured installment loans to complement its furniture financing business. Revenue was \$200 million in 2012; it surpassed \$500 million in 2018 and should flirt with \$600 million in 2019. Earnings have also shot up, increasing from \$11 million to \$60 million in the same period.

Further growth efforts have already begun. Goeasy plans to expand into other specialty financing markets like mortgages and loans for folks who don't already have a credit history. And remember that every approved loan is an opportunity to sell ancillary products like a loan protection plan or credit score monitoring.

Secured lending is a particularly interesting growth avenue. Unsecured credit will always be accompanied by big write-offs. Secured credit eliminates many of these risks. The market is huge, with some 70% of Canadians owning their home, and it introduces the company to a whole new segment of the credit market.

Investors are fortunate to be paying a very reasonable valuation for this opportunity today. Shares trade at just 9.1 times projected 2019 earnings.

Automotive Properties

Most real estate investment trusts (REITs) are pretty boring, low growth companies that pay investors high dividends. But **Automotive Properties REIT** ([TSX:APR.UN](#)) is a little different. It offers the big payout (shares yield 7.7% currently) with a high rate of growth since its 2015 IPO.

Automotive Properties buys auto dealerships and then leases them back to operators, giving the company exposure to the dealership business without the risk of running the dealerships themselves. Even if one of their tenants goes bankrupt, it's likely that another operator will step in and run the dealership.

When Automotive Properties first made its debut on the stock market, 93% of revenue from its 30 properties came from Dilawri Group, which is Canada's largest owner of automotive dealerships. The company now owns 57 properties, and Dilawri Group only contributes just over 60% of total rents.

This growth story isn't anywhere close to over, either. The auto dealership industry in Canada is set to [undergo a massive consolidation](#) as corporate players acquire properties from local business owners. Flipping the real estate over to Automotive Properties immediately after these deals close makes a lot of sense.

The Stars Group

I recently profiled **The Stars Group Inc.** (TSX:TSGI)(NASDAQ:TSG), saying it was the kind of stock that could turn a [\\$10,000 investment into one worth \\$100,000](#).

The internet gaming giant has two big growth avenues. It has been buying up competitors, including big purchases of an Australian-based gaming platform and a U.K.-based company. Operating different brands is no big deal; all it really takes are a few more servers in a basement somewhere and additional support staff.

The more interesting growth avenue is a potential U.S. lift on online gaming. Several states have already made it legal to play online poker or bet on sports online, and industry observers feel the need for tax revenue will force the U.S. federal government to open it up to the whole country. Doing so will give the feds tens of billions in additional revenue.

Like goeasy, The Stars Group gives investors access to a top-notch growth opportunity at a bargain price. Shares trade at just nine times 2019's projected earnings.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:APR.UN (Automotive Properties Real Estate Investment Trust)
2. TSX:GSY (goeasy Ltd.)

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