



3 Stocks I'd Recommend for Young Investors

Description

As a young investor, it can be super tempting to buy up the most popular stocks you can think of. Those stocks are popular, so they must be good, right? Not necessarily.

If you're looking to create a lump sum and not just make a few bucks here and there, as a young investor you should be looking into stocks that promise a strong future outlook. But that doesn't mean they have to be boring; well, not all of them.

In fact, I've found three stocks that can give young investors motivation to pay attention to their stock portfolios, while also seeing a steady increase. So, let's take a look at one boring stock, one dividend stock, and one up-and-coming stock that should leave young investors excited about their investments.

The boring bank

One sure-fire way to continue seeing growth in your portfolio is by investing in a bank. If you're going to choose one, I'd choose **Royal Bank of Canada** ([TSX:RY](#))([NYSE:RY](#)). Royal Bank is the country's largest bank by market capitalization, bringing in earnings of \$12.4 billion during 2018 and is on track to move beyond that number this year, even during an economic downturn.

This comes from the company's expansion into both the United States and the wealth and commercial management sectors. Both have provided the bank with lucrative gains and should continue to do so over the long term. For now, Royal Bank is targeting annual earnings-per-share growth of 7-10%, which would also mean investors should see a steady increase in its 3.89% dividend yield.

The stock is up 11% year to date as of writing, but, as a buy-and-hold stock, investors should look back even further. Since 2009, the stock has increased a whopping 236%.

The passive producer

Another stock investors should consider is a dividend stock. Even as a young investor, dividends can

be incredibly useful. You can either use them to supplement your income or reinvest those dividends into the stocks you already have and increase your bottom line.

If you're choosing one, **Inter Pipeline** (TSX:IPL) is a [clear winner](#). The stock is way below fair value at the moment because of the slump in the oil and gas industry. Also, its Heartland petrochemical complex has left a bit of debt that has made investors nervous. But if you're a long-term investor, there lies an opportunity.

The stock has 70% of earnings supported by long-term contracts, meaning its cash flow will remain steady for years to come. As Heartland comes online in late 2021, that cash should flow even faster, meaning the share price should rebound, and dividends should increase with them.

Right now, the stock offers a dividend yield of 7.64%, with an average of 6% growth per year over the last five years. Since 2009, share prices have increased about 140% as of writing.

The risk taker

The main reason I would call **Lightspeed POS** ([TSX:LSPD](#)) risky is because while the other stocks have years to look back on, Lightspeed's initial public offering (IPO) was just this year. But that doesn't mean investors shouldn't be excited about it.

The software company is a great way to take advantage of the [e-commerce boom](#), where Lightspeed offers point-of-sales and analysis software mainly to retail and restaurant businesses. Right now, those businesses are mainly small and medium sized, but as the company grows, that could definitely change.

Basically, this stock has so much potential for growth, and investors have already seen that. Since its IPO in March, the stock has already come up 105% at a steady pace, reporting its first post-IPO revenue at 36% increase year over year, with 40% increase in gross profit. The company expects to grow revenue a further 40% in fiscal 2020. As the company expands further outside North America, it will absolutely be able to take advantage of the booming point-of-sale market.

Foolish takeaway

So, there you have it: three stocks that, while completely different, offer young investors an opportunity to have it all. There's the boring-but-steady stock, the dividend all-star, and the up and comer. With this portfolio, a decade from now you'll be looking back and wondering why you didn't invest sooner.

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2. TSX:LSPD (Lightspeed Commerce)
3. TSX:RY (Royal Bank of Canada)

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