3 TSX “Urban Growth” Stocks With up to 215% Total Returns by 2025

Description

Infrastructure stocks could be back in fashion this year, especially those that match good value for money with the prospect of high returns from both capital appreciation and dividends. While investors can focus on real estate as a defensive, “lazy landlord” play on urban growth in Canada, such as the classically defensive **Canadian Apartment Properties REIT** (TSX:CAR.UN), another strategy is to invest in companies with diversified global spread.

Factor in energy with your infrastructure investments

Polaris Infrastructure (TSX:PIF) is an overlooked stock for renewable energy exposure, especially for green-economy investors seeking access to growth in this sector across South America. Polaris buys, develops, and runs renewable energy sites, adding an asset-management element to the green power segment of a TSX stock portfolio. The stock is undervalued and rewards with passive income.

As urban centres expand, energy demands grow and create opportunities for investors seeking returns in the infrastructure space. Polaris is a strong buy for the value-conscious investor, with a 71% discount against its projected future cash flow value. With an expected annual growth of income in the region of 170%, Polaris is an intriguing buy for a long-range, high-growth stock portfolio.

An early 52-week high for 2020

WSP Global (TSX:WSP) could more than double an investment over the next half-decade. With expected total returns of 215% by 2025, an investment of $5,000 could bag $10,750, of which 173% is comprised of capital gains. While the stock is not great value for money at the moment, it’s biased towards the upside and pays a dividend — though not a notably high-yielding one at 1.6%.

Being an engineering and consulting business with access to a broad range of infrastructure industries, WSP Global could complement Polaris in a portfolio light on this sector without too much risk of overexposure. Combining the two for high returns by the middle of the 20s could pay off, with both stocks having the potential to help pad out a TFSA or go towards a retirement savings strategy such as an RRSP.

With a projected 67% total returns by 2025 partly comprised of a suitably rich 5.7% dividend yield, Polaris ticks a lot of boxes and could pair well with WSP Global. With a 2.48% yield, CAPREIT could also be added to this pair of infrastructure stocks as another way to capitalize on urban growth.

Given its focus on top-tier properties in actively expanding urban communities, the apartment trust is a strong buy. CAPREIT offers investors a way to safeguard a portfolio with access to desirable, quality rental markets in Toronto, Montreal, and Vancouver. Apartment REITs form part of the safe-haven group key to recession proofing that also includes precious metals and consumer staples.

The bottom line

If doubling your money in five years by investing in infrastructure stocks seemed beyond expectations, stocks like WSP Global, which are biased towards the upside and tap into international growth trends, are worth a second look. By mixing real estate with alternative energy and world-class consultation with a global spread, investors have a heady mix of value, growth, and geographical diversification.

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2. TSX:PIF (Polaris Renewable Energy)
3. TSX:WSP (WSP Global)

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