3 Top Growth Thematics for New Stock Investors

Description

New investors may be aware of a profound shift in economics towards businesses that display ESG characteristics. ESG, or Environmental, Social, and Governance, considerations are driving investments in new, ethically focused industries. Aside from such admirable ideals, though, ESG thematics are sustainable by definition. They're also disrupting entire sectors, and where there's disruption, there's upside potential.

Power up a portfolio with lithium stocks

New investors have a powerful growth area in electric batteries. This thematic satisfies an ESG strategy based on long-term sustainability fed by the "zero carbon" movement. While this strategy is often described as being ethically motivated, it's nevertheless a formula for years-long growth. Upside in lithium is based on momentum generation from a profoundly disrupted energy sector and current undervaluation.

Electric batteries will help to reduce the dependence on carbon-heavy fuel sources. Investors can plug directly into the makers of such batteries, and the cars that run on them, including high-momentum picks like **Tesla**. Alternatively, new investors can take a punt on the metals involved in battery manufacturing, such as lithium itself.

Lithium Americas is a strong play in this space, packing a P/E below the market average and annual earnings growth potential of 56%. The electric vehicle (EV) market could grow to as much as US$800 billion by 2027. This represents a compound annual growth rate (CAGR) of 22%. The kickback to the lithium industry is therefore likely to be considerable, making an investment in the metal a strong low-exposure play on EVs.

Investing in alt-meat and solar stocks

As anyone keeping an eye on supply chains during the pandemic will know, meat-free proteins are on the verge of going mainstream. With meat processing plants experiencing curtailed operations during the lockdown, the markets have sought alternatives. The plant-based meat boom therefore goes beyond vegan-driven upside and could be more sustainable long term than actual meat in the long run.

Investors can buy shares directly in producers such as **Beyond Meat** or invest in companies that use alt-meats in their menus. **Restaurant Brands** satisfies the latter thesis, bringing exposure to both Beyond Meat and Impossible Foods in a single consumer staples stock. While Beyond Meat brings a high-momentum element to a portfolio, Restaurant Brands is a lower-exposure play that also packs a 3.9% dividend yield.

Solar power is going to be big this decade, with names both new and familiar in line for some sustainable upside. Heliogen is a potential IPO to look out for and is breaking new ground when it comes to precision solar energy powered by AI. Meanwhile, **Northland Power** is a play for diversification in the green power space. This stock matches an appealing outlook with passive income, paying a 3.7% dividend yield.

Solar energy has a similar CAGR to the electric vehicle market, at around 20.5% over the next six years. Investors looking for top-down guidance should note last month's approval of the billion-dollar Gemini Solar Project in Nevada. The alternative meat boom could see growth of 9.5% by the middle of the decade, making for a suitable addition to a high-growth, thematic-based portfolio.

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