



## Stock Market Investing: These 5 Stocks Can Earn You \$1 Million

### Description

Do you want to have \$1 million in tax-free money, but you don't have several thousand dollars to invest? You just need \$100 a week to have \$1 million in 20 years? You can build your million dollar portfolio through stock market investing, but you have to identify your risk appetite.

### Diversifying your portfolio

Every strategy needs the right amount of diversification to reduce risk. Even Warren Buffett and Prem Watsa stick to a handful of stocks because it's easier to track five stocks over 50.

When building your million-dollar portfolio, mix it with growth and dividend stocks across two to three different sectors. If you save \$100 a week, you will contribute \$5,200 a year and \$124,800 in 23 years. If your overall portfolio's average annual return is 15%, you can convert an annual \$5,200 contribution to \$1 million in 23 years.

### Dividend stocks

The pandemic has created a situation of economic recession. E

The right way to go about with these stocks is to select the market leader that enjoys pricing power and has high-profit margins. Market share helps companies stay profitable even in the crisis. They might also absorb smaller competitors, if needed, to boost growth.

### Enbridge and RioCan stocks

**Enbridge** ([TSX:ENB](#))([NYSE:ENB](#)) is the largest pipeline operator in North America and earns money by transmitting oil and natural gas. The oil crisis has reduced its stock price by 30% amid short-term challenges. Its second-quarter revenue fell 40% year-over-year (YoY) but its net income fell just 2.9% as its major expense of commodity cost varies as per revenue.

Enbridge has one advantage of predictable cash flows, which helps it prepare for a crisis well in advance. It has created \$13.2 billion in liquidity to continue paying dividends and building pipelines. The reduced stock price has inflated its dividend yield to more than 8%. In its [25-year history](#), Enbridge has not cut dividends despite the crisis. At the most, it might stall its dividend growth for a year or two until oil demand recovers.

Similarly, **RioCan REIT** stock is trading at a 50% discount as the retail segment has been badly hit by the pandemic. Many small retailers might close down and default on rents. Hence, RioCan has set aside \$19 million in provision for bad debts and rent abatements. However, the REIT can withstand this crisis and [grow in the long term](#). The current stock price decline has increased its dividend yield to more than 10%.

If you invest \$5,200 in each of the two stocks, you will lock in an annual dividend income of \$965 for a lifetime. When the economy recovers, Enbridge and RioCan stocks will surge to their normal trading prices of \$56 and \$27, respectively. This represents an upside of 40% and 95%, respectively. So, your \$10,400 investment will grow to \$21,400.

## Growth stocks

Now that your dividend is secured, you can divide your \$5,200 annual investment in **Constellation Software** and **Descartes Systems**. They have a resilient business model and have been growing for the last 10 years. Their stocks have surged at a compound annual growth rate (CAGR) of 30% and 20%, respectively, in the last five years. However, their large size would slow their growth. Even if their growth rate falls to 20% and 15%, respectively, your investment will be safe.

Once you have locked in your long-term strategy, you can take a year or two off and invest in trending stocks. For instance, the pandemic has created an e-commerce revolution, driving all related stocks like **Cargojet** and **Shopify** to record highs. Their stocks surged 80% and 140% year to date.

This can earn you some quick bonuses. If you had invested \$2,600 in each of the two stocks at the start of the year, your \$5,200 would have more than double to \$10,800 by now.

## CATEGORY

1. Coronavirus
2. Dividend Stocks
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## TICKERS GLOBAL

1. NYSE:ENB (Enbridge Inc.)

2. TSX:ENB (Enbridge Inc.)

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