Young Investors: Retire as a Millionaire by Investing Just $100/Week

Description

When you start your career, your earnings could be on the lower side. So, do not get disheartened by the tighter budget. A small but consistent investment can create significant wealth in the long term. Let's assume that you are 25 years old and plan to retire at 60 years. A small investment of $100 per week grown at an annualized rate of 8% can create a $1 million capital.

Meanwhile, by investing through TFSA (Tax-Free Savings Account), you can save on taxes. The Canada Revenue Agency recently announced the 2021 contribution room will remain unchanged at $6,000. The TFSA contribution is indexed to inflation and is rounded to the nearest $500. So, with your investments falling within the contribution room, your returns will be tax-free.

Here are the two safe stocks that can deliver over 8% annualized returns over the long run.

Constellation Software

My first pick would be **Constellation Software** ([TSX:CSU](#)), which acquires small high-growth tech companies operating in niche markets. Since its inception in 1995, the company has completed over 500 acquisitions across various sectors. So, the company's well-diversified portfolio insulate it from sector-specific downturns.

Over the last decade, the company has returned around 3,300% at a CAGR of 48%. This year, its stock price is up 29.5% despite the challenging period. The strong fundamentals have supported the company's stock price. In the [first three quarters of this year](#), the company's revenue and EPS have increased by 13.6% and 19.5%, respectively.

Meanwhile, with the world moving toward digitization and improvement in economic activities after the pandemic-infused lockdown, the demand for the company's products and services could rise further. Constellation Software had $565 million of cash and cash equivalents at the end of the third quarter and had access to $700 million of revolving credit facility. So, the company is well equipped to carry on its future acquisitions.

Given its impressive track record and healthy growth prospects, [I think Constellation Software would be an excellent long-term bet](#).

Cargojet

An air cargo company, **Cargojet** ([TSX:CJT](#)), is my second pick. It transports over eight million pounds of cargo every week. Thanks to its array of 27 aircraft and unique overnight delivery service, the company carries around 90% of Canada's domestic air cargo volumes.

Supported by the strong fundamentals, the company has returned over 275% in the last five years. Meanwhile, its stock is up 97.6% this year amid increased demand for its services due to a surge in e-commerce sales and temporary suspension of passenger aircraft amid the travel restrictions.

The air cargo business is highly capital intensive, providing a natural barrier for new entrants, thus preventing increased competition. Meanwhile, e-commerce sales currently form just 5% of Canada's retail sales. So, the sector has significant potential to grow, which could benefit Cargojet.

Further, Cargojet earns 75% of its revenue from long-term contracts, delivering stability to its earnings. It provides a unique overnight delivery service to 14 major cities in Canada, which is hard to replicate. The company is also adding new routes, expanding its fleet size, and cutting down on expenses, which is encouraging.

Amid the recent pullback in high-growth stocks, the company currently trades 18.6% lower from its 52-week high. Its valuation also looks attractive with a forward price-to-earnings multiple of 28.4.

CATEGORY

1. Investing
2. Tech Stocks

POST TAG

1. Editor's Choice

TICKERS GLOBAL

1. TSX:CJT (Cargojet Inc.)
2. TSX:CSU (Constellation Software Inc.)

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Quote Media
6. Sharewise
7. Yahoo CA

Footer Tagline

Category

1. Investing
2. Tech Stocks

Tags

1. Editor's Choice

Date
2025/08/27
Date Created
2020/11/24
Author
rnanjapla

Footer Tagline