Got $5,000 to Invest? Here's How You Can Turn it Into $50,000!

Description

If you've got $5,000 that you can put aside and invest in some top stocks, I'll show you how you can turn that into $50,000. It doesn't involve investing in high-risk penny stocks and it's not a get-rich-quick scheme. All that it takes is investing in a solid blue-chip stock — and a lot of patience.

A great option for long-term investors is a utility stock, such as **Emera Inc** (TSX:EMA). There's not much volatility with this stock, as sales and profits are normally pretty consistent with these types of businesses and so there's not a lot of movement.

In five years, the stock has risen 26%, averaging a compounded annual growth rate (CAGR) of 4.7% during that time. It's not a huge return, but when coupled with its dividend income, the stock can produce close to double-digit returns for your portfolio.

Today, Emera pays a quarterly dividend of $0.638, which yields 4.8% annually. With a near-5% return, you could be making close to 10% a year with the dividend income padding your total gains. And over the past five years, Emera's also increased its dividend payments by a CAGR of 6%, meaning that the payments you receive from the company will likely rise in the future.

Here's how a $5,000 investment in Emera could grow

Assuming that shares of Emera rise by 4.7% every year and that your dividend income continues to grow at a rate of just over 6% (and it's not re-invested back into the stock), here's what a $5,000 investment in the stock could look like:

Year	Portfolio	Quarterly Dividend	Annual Dividend	Cumulative Dividend
1	$5,236.54	$0.64	$237.79	$237.79
2	$5,484.26	$0.68	$252.25	$490.04
3	$5,743.71	$0.72	$267.58	$757.62
4	$6,015.43	$0.76	$283.84	$1,041.46

5	$6,300.00	$0.81	$301.09	$1,342.55
6	$6,598.04	$0.86	$319.39	$1,661.95
7	$6,910.17	$0.91	$338.81	$2,000.76
8	$7,237.07	$0.96	$359.40	$2,360.16
9	$7,579.44	$1.02	$381.24	$2,741.40
10	$7,938.00	$1.09	$404.42	$3,145.82
11	$8,313.52	$1.15	$429.00	$3,574.81
12	$8,706.81	$1.22	$455.07	$4,029.88
13	$9,118.71	$1.30	$482.73	$4,512.61
14	$9,550.09	$1.37	$512.07	$5,024.69
15	$10,001.88	$1.46	$543.20	$5,567.88
16	$10,475.04	$1.55	$576.21	$6,144.09
17	$10,970.59	$1.64	$611.23	$6,755.32
18	$11,489.58	$1.74	$648.38	$7,403.71
19	$12,033.12	$1.85	$687.79	$8,091.50
20	$12,602.37	$1.96	$729.60	$8,821.10
21	$13,198.55	$2.08	$773.94	$9,595.04
22	$13,822.94	$2.20	$820.98	$10,416.02
23	$14,476.86	$2.34	$870.88	$11,286.90
24	$15,161.73	$2.48	$923.81	$12,210.72
25	$15,878.98	$2.63	$979.96	$13,190.68
26	$16,630.18	$2.79	$1,039.53	$14,230.21
27	$17,416.90	$2.96	$1,102.71	$15,332.91
28	$18,240.85	$3.14	$1,169.73	$16,502.65
29	$19,103.77	$3.33	$1,240.83	$17,743.47
30	$20,007.52	$3.53	$1,316.25	$19,059.72
31	$20,954.02	$3.75	$1,396.25	$20,455.97
32	$21,945.30	$3.97	$1,481.11	$21,937.08
33	$22,983.47	$4.22	$1,571.13	$23,508.21
34	$24,070.75	$4.47	$1,666.63	$25,174.84
35	**$25,209.48**	**$4.74**	**$1,767.93**	**$26,942.77**

Although 35 years is a fairly long time to get to $50,000, it’s also important to remember your returns could be higher if you take the dividend income and re-invest it into either Emera or another stock. This is deploying a fairly conservative strategy and not investing anything but $5,000. You can easily accelerate this growth by investing more money, but this is just an example of how even with a modest $5,000 investment, you can generate strong returns when you hold on for the long term.

Key takeaways

While there are never any guarantees when it comes to dividends, if you're looking for safety, utility stocks or bank stocks are a good place to invest as they can provide not just stability, but also consistency in dividend income.

Your returns may not be as significant as if you were to invest in a top growth stock like **Shopify**, but you also won't be taking on much risk, either. With Emera, you're investing in a company that's posted a profit in each of the past 10 years and trades at a reasonable price-to-book multiple of less than two. It also averages a low beta of just 0.22, meaning that it isn't nearly as volatile as the **TSX** is as a whole, which means you don't want to worry about checking on your investment every day or even every week.

This was just one example of how you can grow a $5,000 investment into $50,000 and by no means is the only strategy for doing so. But if you're a risk-averse investor who just wants to see your portfolio rise in value without worrying about having to manage it, investing in a safe stock like Emera could be a great move.

CATEGORY

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