



Young Investors: Become Millionaires by Investing Just \$500 Every Month

Description

The majority of us wish to retire as millionaires. Meanwhile, it is not such a difficult task, provided you start investing early in your career to harness the power of compounding. If you start investing at the age of 25 and want to retire by 55, a small investment of \$500 per month grown at an annualized rate of 10% can make you a millionaire by the time of your retirement.

The Canadian government allows its citizens to earn tax-free returns by investing through a Tax-Free Savings Account (TFSA) up to a specified amount called contribution room. For 2021, the CRA (Canada Revenue Agency) has set the contribution room at \$6,000. With your monthly investment falling below the contribution room, your returns will be tax-free. If you are ready to invest \$500 every month, here are three Canadian stocks that could deliver over 10% returns in the long term.

Lightspeed POS

Amid the pandemic, more people have adopted online shopping, which has created a long-term growth potential for **Lightspeed POS** ([TSX:LSPD](#))([NYSE:LSPD](#)). In its recently announced [third quarter](#), its top line grew 79%, driven by higher recurring revenue streams and acquisitions. Further, its customer base expanded by 74%, while its gross transaction value has increased by 48% to US\$9.1 billion.

With its recent acquisition of ShopKeep and Upserve, Lightspeed has strengthened its position as an omnichannel commerce platform provider for small- to medium-sized businesses in the United States. In January, the company also launched Supplier Network that connects retailers with suppliers directly, eliminating the need for retailers to search through multiple B2B portals. At the end of the quarter, the company had \$232.6 million of cash and cash equivalents. So, it is well positioned to carry out future acquisitions to expand its business geographically.

Given the sector's favorable outlook and its high growth prospects, [I expect the upward momentum in Lightspeed's stock price to continue.](#)

Cargojet

The air cargo company **Cargojet** ([TSX:CJT](#)) has delivered an impressive 592.9% returns over the last five years at a CAGR of 47.3%. The company currently transports around 90% of Canada's domestic overnight air cargo while connecting 16 major airports in Canada. Further, its unique overnight delivery service and an array of 28 aircraft provide Cargojet a competitive edge over its peers. Additionally, the company earns around 75% of its revenues through long-term contracts, which provides stability to its earnings.

Meanwhile, the company raised around \$365 million last month to pay off a part of its debt and acquire new aircraft to expand its routes to meet the growing domestic and international demand. With the e-commerce business expected to grow multi-fold in the coming years, I believe the demand for Cargojet's services could only rise, boosting its financials and stock price.

Algonquin Power & Utilities

My third pick would be **Algonquin Power & Utilities** ([TSX:AQN](#))([NYSE:AQN](#)), which operates diversified regulated utility businesses and renewable power generating facilities. Its low-risk utility business protects against downside risks. In contrast, its power production business offers high-growth prospects, as the world is shifting towards renewable sources amid the rising pollution levels.

Meanwhile, the company's management has planned to invest \$9.4 billion over the next five years, expanding its rate base at a CAGR of 11.2%. Supported by these investments, the company's adjusted EPS could grow at an average annual growth rate of 8-10%. So, given its high growth prospects and stable utility business, Algonquin Power & Utilities could deliver superior returns in the coming years. Besides, the company also pays quarterly dividends, with its yield currently standing at 4.1%.

CATEGORY

1. Energy Stocks
2. Investing
3. Tech Stocks

TICKERS GLOBAL

1. NYSE:AQN (Algonquin Power & Utilities Corp.)
2. NYSE:LSPD (Lightspeed Commerce)
3. TSX:AQN (Algonquin Power & Utilities Corp.)
4. TSX:CJT (Cargojet Inc.)
5. TSX:LSPD (Lightspeed Commerce)

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