Investing $1,000/Month in These 3 Low-Risk TSX Stocks Can Make You Rich

Description

Risk and return are directly related, implying an investment in a low-risk stock would often generate moderate returns. However, if we stop chasing returns and put the focus on the power of compounding, even a small but regular investment could make you extremely rich over time.

Take **Fortis** (TSX:FTS)(NYSE:FTS) stock as an example. The company owns a low-risk utility business that generates high-quality earnings and cash flows. Notably, Fortis has delivered an average annual total shareholder return (TSR) of 13% over the past 20 years, implying a $1,000 monthly investment in Fortis stock would turn out to be more than $1.1 million during the same period.

So, here we'll focus on three such **TSX-**listed low-risk stocks that could make you very rich.

Brookfield Renewable Partners

Brookfield Renewable Partners (TSX:BEP.UN)(NYSE:BEP) is among the top low-risk stocks that consistently delivers strong returns. With more than $50 billion worth of renewable assets, Brookfield Renewable Partners generates predictable and growing cash flows that remain immune to the economic cycles. Its stock is up about 91% in one year. Meanwhile, it has appreciated by about 176% in three years.

Brookfield Renewable Partners's business is supported through long-term contracts with an average remaining life of about 15 years for its power-purchase agreements. Further, these contracts are inflation-indexed, eliminating the risk of volatility in prices and decline in demand. With its low-risk business, strong developmental pipeline, and robust demand, Brookfield Renewable Partners could deliver strong returns in the coming years.

Algonquin Power & Utilities

Power producer **Algonquin Power & Utilities** (TSX:AQN)(NYSE:AQN) has consistently outperformed the benchmark index and delivered stellar returns. It has delivered a cumulative five-year TSR of 141%. Notably, its stock has more than doubled in five years. Meanwhile, its dividend has increased by about 10% annually in the past decade.

The utility company's about 85% of the output is contracted. Meanwhile, its long-term agreements have an average weighted remaining life of about 13 years. It expects its rate base to continue to grow at a CAGR (compound annual growth rate) of about 11% through 2025, implying that its adjusted EBITDA and earnings could continue to grow at a decent pace during the same period and support the upside in its stock. Further, its conservative business and strong balance sheet are likely to limit the downside.

Alimentation Couche-Tard

Alimentation Couche-Tard's (TSX:ATD.B) low-risk and high-growth business supports the uptrend in its stock. Its significant scale, growing global footprint, private label offerings, and product innovation position it well to consistently deliver strong financials. Moreover, its appetite for acquisitions and capacity to invest accelerates its growth rate and supports the upside in its stock.

The convenience store operator's revenues have grown at a CAGR of 13% since 2011, while its adjusted EPS has increased by 22% during the same period. Thanks to the strong growth in its earnings, Alimentation Couche-Tard has increased its dividends by a CAGR of about 26% since 2011.

Alimentation Couche-Tard is focusing on doubling its adjusted EBITDA in the future on the back of strong organic growth and accretive acquisitions. Its expansion in the U.S. and profitable ramp-up of new stores are likely to fuel organic growth rate and drive its stock higher.

CATEGORY

1. Coronavirus
2. Dividend Stocks
3. Investing

TICKERS GLOBAL

1. NYSE:AQN (Algonquin Power & Utilities Corp.)
2. NYSE:BEP (Brookfield Renewable Partners L.P.)
3. NYSE:FTS (Fortis Inc.)
4. TSX:AQN (Algonquin Power & Utilities Corp.)
5. TSX:BEP.UN (Brookfield Renewable Partners L.P.)
6. TSX:FTS (Fortis Inc.)

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Date
2025/08/20
Date Created
2021/03/22
Author
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