3 TSX Stocks That Could Set You up for Life

Description

It's important to work hard for your money. Whether you are developing a skill set, performing well in your job, or growing your business, the harder and smarter you work, the better your returns are likely to be. But relatively few people make their money work for them. No matter how hard you work and how much you make and save, you are unlikely to reach your full financial potential unless you focus on growing your money via investing.

And it doesn't necessarily have to as active an engagement as your day job or business. You can pick a diversified selection of "forever" stocks that have the potential to set you up for life and keep investing in them periodically. There are three stocks that you might consider starting with.

A banking stock

Banking will most likely stay just as relevant decades from now as it was a few decades ago. It would change and evolve, as it has in the last few decades, but it will most likely stay a crucial part of our societies. That's why banking stocks, especially from a banking sector as stable as Canada's, can set you up for life.

National Bank of Canada (TSX:NA) has claimed the mantle of the best growth stock among the Big Six in the past five years. It offers a five-year CAGR of 19.2% and a modest yield of 3.2%. Its growth is just as impressive, even if you stretch back farther. And if you consider its sustainable 10-year CAGR of 13%, the stock has the potential of making you a millionaire in 25 years with $50,000 invested today.

And if you keep reinvesting its dividends for a long time, it might be a potent source of dividend-based passive income. It's an Aristocrat and will most likely keep increasing its dividends.

A financial stock

Few financial stocks have grown as consistently *and* aggressively as **goeasy** (TSX:GSY) have in the last decade. And the stock is continuing on its impressive growth path. It rose over 260% in the last 12

months alone and has a 10-year CAGR of 35.6%. That's enough to make you a millionaire (with $50,000 invested in the company) in about 10 years.

The future prospects of goeasy seem bright due to its simple business model and its acquisitions and market consolidation. It's also growing its revenue at a sustainable yet powerful pace. Between 2001 and 2020, the revenue CAGR is about 12.8%. And its strong financial statements are partly the reason the company is trading at a price-to-earnings ratio of 16.7.

A transportation stock

Canadian Pacific Railway (TSX:CP)(NYSE:CP) offers transportation and supply chain services to a wide variety of customers. It has an impressive railroad network of 13,000 miles, which covers 11 ports and +100 Transload facilities. The revenue it generates from its freight services is geographically diversified and comes from three major segments: domestic, cross-border, and global (mostly from Asia).

As an investor, you might be more interested in Canadian Pacific's impressive capital growth history. Even though it's a Dividend Aristocrat like the other two on this list, CP's 0.83% yield is easily overshadowed by its impressive 10-year CAGR of 23.6%. With $50,000 invested, that's enough to make you a millionaire in fewer than 15 years.

Foolish takeaway

The three stocks don't just have impressive backgrounds; they also have dominant positions in their respective industries and relatively stable future outlooks. All three are financially stable, and their growths are not temporary flukes. If you invest a decent sum in the three companies and give it enough time to grow, they can set you up for life.

CATEGORY

1. Bank Stocks
2. Dividend Stocks
3. Investing

TICKERS GLOBAL

1. NYSE:CP (Canadian Pacific Railway)
2. TSX:CP (Canadian Pacific Railway)
3. TSX:GSY (goeasy Ltd.)
4. TSX:NA (National Bank of Canada)

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