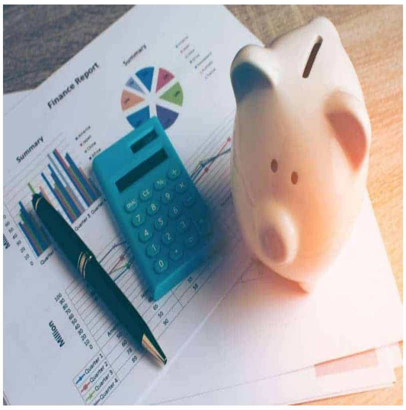

Savings vs. Inflation: 3 Stocks to Tip the Scales in Your Favour

Description

Inflation is the primary reason why it's unwise to keep your savings as cash. No matter how much you save or how aggressively, inflation will erode the buying power of your savings, and the longer you are from using your savings, the more it will be affected by the inflation.

So, your investment goal, especially if you are saving for retirement, should be to at least beat inflation, and even a very conservative approach to investing can help you do that. However, with the right assets, you can do so much more with your savings than just beat inflation.

A safe growth stock

Metro (TSX:MRU) is a relatively safe growth stock. Its primary business is food and pharmacy, which gives it an edge. These two items rarely see demand drop, regardless of the economy and market circumstances. The only real threat Metro has is new powerful competitors emerging in the e-commerce market before Metro has time to go adequately digital to retain its clients.

The real estate assets and the powerful network of supermarkets across the country will most likely remain a powerful edge (potential warehouse and distribution centres), even with the looming demise of the brick-and-mortar business model.

Metro is a Dividend Aristocrat, but the 1.5% yield is barely the cherry on top of the sundae that's reliable and potentially sustainable growth, which is indicated by the 10-year CAGR of 15.5%.

A railway stock

Railways were once the civilization game changers of land. Now, we have other modes of transportation, but railways still have a place in the modern economy, especially when it comes to moving cargo. **Canadian Pacific Railway** (TSX:CP)(NYSE:CP) is one of the two major railway players in Canada, which is about to become even more important in the North American railway industry by merging with **Kansas City Southern**.

The $27 billion purchase will make Canadian Pacific the first single-line railway that starts from Canada, goes through the U.S., and connects with Mexico. It recently got regulatory approval from Mexican authorities, and the merger is expected to move forward as planned.

Canadian Pacific offers safe and reliable dividends, but the yield is too low to even compete with interest rates offered by certain bank accounts. The 10-year CAGR of 22.9%, however, is a very compelling reason to add this company to your portfolio.

A powerful growth stock

If you want to achieve enough growth in your portfolio to beat several years' worth of inflation in just one or two years, powerful growth stocks like **FirstService** (TSX:FSV)(NASDAQ:FSV) should be on your radar. The stock returned over 300% to its investors in the next five years, and if it returns even half of that in the next five years (150%), that's about six years of inflation beaten in a single year (assuming 5% inflation rate).

FirstService's strength comes from its position as North America's largest residential communities manager (self-proclaimed). It manages a portfolio of 1.7 million residential units consolidated in 8,500 properties. It also has an essential property services business wing, which brings in about half the revenue. FirstService also offers dividends at a yield of 0.37% (as of now).

Foolish takeaway

When it comes to growing your money in a safe, hands-off way, exchange-traded funds can be a great option. They are diversified by default and give you broad market exposure. But they don't offer the level of control needed or adequate exposure to safe yet powerful growth stocks like the three above.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

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2. NYSE:CP (Canadian Pacific Railway)
3. TSX:CP (Canadian Pacific Railway)
4. TSX:FSV (FirstService Corporation)
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Date
2025/08/24
Date Created
2021/12/15
Author
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