3 Stocks That Could Create Lasting Generational Wealth

Description

If you're looking to build lasting generational wealth, stocks are among the best assets for you.

Real estate delivers comparable returns, but the capital gains and rental income are offset by mortgage interest.

Crypto sometimes delivers even better returns, but it is new and very risky.

Bonds and precious metals, however, aren't beating inflation. Some precious metals even went down in price last year.

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Standing tall are stocks, which delivered a 27% return last year. Over the decades, stocks have been among the best asset classes for long-term savings. With better returns than bonds, better safety than crypto, and less work than real estate, they're a sensible choice for every investor. With that in mind, here are three stocks that could possibly help you build lasting generational wealth.

Shopify

Shopify (TSX:SHOP)(NYSE:SHOP) is a classic high-growth tech stock that has been beating the pants off the markets in recent years. Up nearly 5,000% since its 2015 IPO, it has turned a $10,000 initial investment into nearly $500,000. Those kinds of returns can easily build generational wealth. The question is whether they will continue.

Shopify is no longer as small a company as it once was. At a $218 billion market cap, it is statistically less likely for the company to keep delivering red-hot returns. Arguably, its growth has already slowed down. SHOP rose 25% in 2021, when 95% was the six-year norm. Additionally, the most recent quarter's 46% revenue growth was way down from the last three quarters of 2020, which saw 90% growth. Most likely, SHOP's days of doubling every single year are over. But it may still deliver strong enough returns to build lasting generational wealth.

TD Bank

Toronto-Dominion Bank (TSX:TD)(NYSE:TD) is another stock that could help you build lasting generational wealth. This stock isn't nearly as "growthy" as SHOP is, but it's very dependable. Over the last five years, it has grown its earnings by about 11% annualized. That's a far cry from SHOP's growth, but on the flip side, TD stock is much cheaper.

Trading at just 12 times earnings, TD is a true value play. Yet its growth isn't that bad, so it could be considered a "growth-at-a-reasonable-price" (GARP) stock. This year, both the Federal Reserve and the Bank of Canada are going to be raising interest rates, which could improve TD's profit margins. The bank already has the wind at its back due to the economic recovery from COVID-19, and this year could be even stronger thanks to macro tailwinds.

Alimentation Couche-Tard

Alimentation Couche-Tard (TSX:ATD) is one TSX stock that mixes growth and value characteristics admirably. Over the last 10 years, its stock has risen by 853%. It has risen more than 1,000% over a 12-year period. ATD has been making investors wealthy for over a decade. Despite that, its stock is dirt cheap, with a P/E ratio of just 17.

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Alimentation has been able to deliver value to shareholders through its aggressive yet prudent growth strategy. It spent much of the 2000s and 2010s buying up gas stations — such as the now famous Circle K — and growing them. However, it didn't borrow too much money to finance all this growth. So, it was able to achieve a great expansion without much debt. Today, shareholders are reaping the rewards from that success. They may continue to do so — particularly if the price of oil rises in 2022.

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2. NYSE:TD (The Toronto-Dominion Bank)
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5. TSX:TD (The Toronto-Dominion Bank)

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