



3 Canadian Stocks to Begin Your Wealth-Creation Journey

Description

Your income may be on the lower side when you start your career. However, don't feel let down by the lack of substantial funds to start your investing journey. One can create considerable wealth by making small but regular investments. Thanks to the power of compounding, a monthly investment of \$500/month grown at an annualized rate of 9% can create a wealth of above \$900,000 over 30 years. So, if you want to begin your investing journey, here are my three top picks.

Fortis

Fortis ([TSX:FTS](#))([NYSE:FTS](#)) is a diversified utility company that serves around 3.4 million customers through its 10 utility businesses, which account for 99% of its earnings. Supported by these low-risk operating assets and capital investment, the company has [delivered average annual total shareholder returns](#) of approximately 13% over the last 20 years.

Meanwhile, the company has planned to invest around \$20 billion over the five years, including \$3.8 billion in clean energy. These investments could grow its rate base at a CAGR of 6%, thus boosting its earnings and cash flows in the coming years. So, the company's management hopes to increase its dividend at a CAGR of 6% through 2026. Given its low-risk business, excellent track record of raising its dividend, and a healthy forward dividend yield of 3.41%, I believe Fortis would be an ideal defensive bet to have in your portfolio.

Enbridge

Enbridge ([TSX:ENB](#))([NYSE:ENB](#)) is a midstream energy company that operates a network of pipelines to transport crude oil and natural gas across North America. It is also involved in gas storage and distribution and renewable power generation. With around 98% of its adjusted EBITDA generated from regulated assets and long-term contracts, the company generates stable and reliable financials, which has allowed it to hike its dividend for 27 years. Currently, the company's forward dividend yield stands at a healthy 5.8%.

Meanwhile, Enbridge has planned to invest around \$5-\$6 billion annually over the next three years, growing its distributable cash flow per share at a rate of 5-7% through 2024. So, I believe the company is well positioned to continue its dividend growth. The company could also benefit from rising oil demand and prices. Despite its healthy outlook and high dividend yield, the company currently trades at an attractive NTM price-to-earnings multiple of 18.7. So, [I am bullish on Enbridge](#).

Algonquin Power & Utilities

My third pick is **Algonquin Power & Utilities** ([TSX:AQN](#))([NYSE:AQN](#)). It operates regulated utility businesses and renewable power-producing facilities. Supported by its strong underlying business and strategical acquisitions, the company has delivered impressive returns of 358% over the last 10 years at a CAGR of 16.4%. Meanwhile, I expect the uptrend to continue, given its healthy growth potential.

Algonquin Power & Utilities continues to expand its asset base, with a planned capital investment of US\$12.4 billion over the next five years. Of these investments, the company has allocated US\$8.8 billion to the regulated services group and \$3.6 billion to the renewable energy group. These investments could grow its rate base at a CAGR of 14.6% while boosting its adjusted EPS at an annualized rate of 7-9%. Meanwhile, last week, the company had raised its quarterly dividend by 6% to US\$0.1808/share, with its forward yield currently standing at 5.12%. So, given its growth potential and solid underlying business, Algonquin Power & Utilities is an excellent stock for beginners.

CATEGORY

1. Energy Stocks
2. Investing

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2. NYSE:ENB (Enbridge Inc.)
3. NYSE:FTS (Fortis Inc.)
4. TSX:AQN (Algonquin Power & Utilities Corp.)
5. TSX:ENB (Enbridge Inc.)
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