3 Fantastic Stocks for Young Investors

Description

When it comes to investing, the best rule is to start as early as possible. The sooner you can start building your nest egg, the more time you will have to grow it to a desirable size. You can also take more risks as a young investor than you might as one nearing retirement, though time is still your best asset when you are a young investor.

And if you choose the right companies to hold for decades, you may have more capital for retirement than you initially hoped for, with minimal active portfolio management.

A utility company

Utilities are some of the safest investments there are. And if you invest in a utility stock like **Hydro One** (TSX:H), which has been steadily growing for almost four years and managed a swift recovery after the 2020 crash, you get to add more than just safety to your portfolio. The stock has risen roughly 70% in the last four years, or about 17.5% annually.

While this may not be a growth rate suited for a pure growth stock, it's pretty sustainable in the long term. It also comes with healthy dividends and a decent 3.2% yield. If you are investing a small amount of capital in the company, you can still grow your stake over time by opting for the DRIP program.

If it keeps growing at a similar rate for the next three or four decades, you can experience remarkable capital appreciation.

A grocery store chain

Loblaw Companies (TSX:L) is a Brampton-based business that has been around for a bit over a century and has now grown to become the largest grocery store chain in Canada. With over 2,400 stores across the country, it has penetrated the bulk of the local market.

The business model is quite diversified, and the second-largest business segment (health and wellness) is just as evergreen as the primary grocery business is.

Loblaw Companies stock has seen two major growth phases in the last three decades, and the current one, which has gone on for over a decade, has pushed the stock up about 300%. Averaged out, that's roughly 30% capital appreciation a year.

At this rate, you may experience nine-fold growth in about three decades. You also get Loblaw's growing dividend but modestly low yield.

An insurance company

Another diversified pick for your beginner stock portfolio would be **Sun Life Financial** (TSX:SLF)(NYSE:SLF). It's one of the most prominent names when it comes to life insurance in Canada, but that's not what makes the company worth considering for your portfolio. It has a diversified business, with revenue coming from different business avenues *and* different geographies.

It's also one of the few insurance stocks in Canada that have mostly gone up in the last decade, and even though the growth has been quite slow, its generous dividends make up for it. Not only is Sun Life a Dividend Aristocrat, but it's also offering a juicy 4.66% yield right now, which makes it a good candidate for passive income.

Foolish takeaway

The three stocks can be excellent choices for young investors. If you are starting in your 20s or 30s, these are the kind of companies you can buy and forget in your portfolio. And given enough time, they can significantly contribute towards making your nest egg bigger for your retirement.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:H (Hydro One Limited)
2. TSX:L (Loblaw Companies Limited)
3. TSX:SLF (Sun Life Financial Inc.)

PARTNER-FEEDS

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