



2 Top Growth Stocks That Could Outperform and Make You a Multi-Millionaire

Description

It makes good sense to invest in top growth stocks in different industries that are exposed to different risks. Even a few additional percentage points of returns can make a huge difference for an investment portfolio over time.

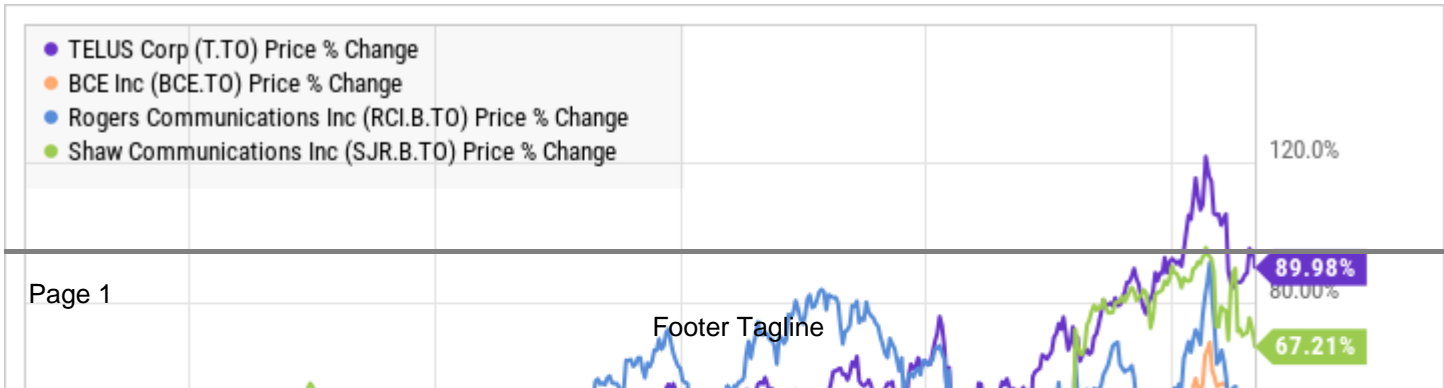
Here’s how \$500 of monthly investments could grow to hefty funds compounded annually at 7%, 10%, and 13%, respectively, after the various decades. With discipline in consistently saving and investing in the right growth stocks, you can become a multi-millionaire in time.

Years	Total Contributions	7%	10%	13%
10	\$60,000	\$85,525.87	\$99,931.93	\$116,958.28
20	\$120,000	\$253,768.19	\$359,129.61	\$513,981.04
30	\$180,000	\$584,726.30	\$1,031,421.66	\$1,861,701.55
40	\$240,000	\$1,235,771.00	\$2,775,174.07	\$6,436,629.64

The [Rule of 72](#) approximates that it’d take about 7.2 years to double your money on a 10% rate of return. The expected returns of both stocks below land between 10% and 13% rate, assuming no valuation expansion. Their earnings should be fairly stable and growing for the long haul. So, it’s unlikely their multiples will change drastically from horrendous earnings cuts. Even when they experience the occasional earnings miss, the setback would be temporary.

TELUS stock

TELUS ([TSX:T](#))([NYSE:TU](#)) stock is a growth stock in the telecom industry. It has outperformed its peers in the last five and 10 years. Therefore, it could be a good time to add on this dip.



T data by YCharts

According to the analyst consensus 12-month price target, at \$29.49 per share at writing, it trades at a discount of approximately 14%. Telecom stocks typically make stable profits. Additionally, it pays good dividend income. So, most of the time, it doesn't sell at a huge discount to its intrinsic value.

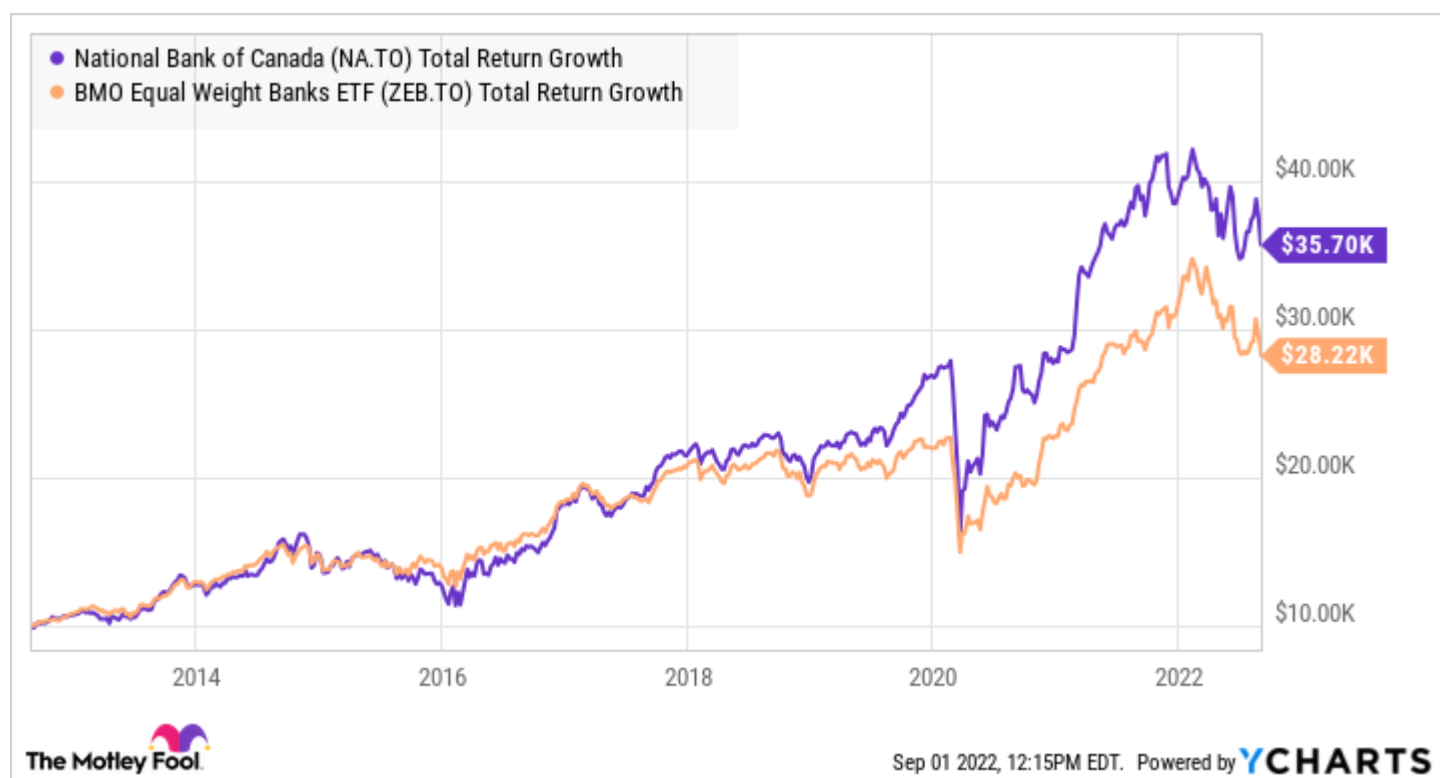
Right now, TELUS stock provides a safe yield of 4.6% on a recent payout ratio of 61% of net income. Importantly, the big Canadian telecom is expected to experience industry-leading growth over the next few years with higher growth coming from its relatively new, budding businesses providing technology services to various industries. Analysts believe an earnings-per-share (EPS) growth of at least 12% is possible over the next three years.

Its 10-year dividend-growth rate (DGR) is 8.7%. Let's be more conservative and assume a 7% growth rate and no valuation expansion in the dividend stock. We can approximate total returns of 11.6% per year over the next few years. Multiples expansion would only drive higher returns!

National Bank of Canada is another growth stock

Normally, we don't think of Canadian banks as growth stocks, but **National Bank of Canada** ([TSX:NA](#)) has been exceptional. The quality bank has achieved industry-leading EPS growth of north of 12% in the past five years.

On an initial investment of \$10,000, investors would have made \$7,480 (or 26.5%) *more* over the past decade than investing in the industry, using **BMO Equal Weight Banks Index ETF**, as a proxy. Specifically, your position in the [bank stock](#) would have transformed to about \$35,700!



NA Total Return Level data by YCharts

The weakened economic outlook has triggered a selloff in National Bank stock. Canadian investors should scoop up some shares over the next few months for long-term investment.

The [dividend stock](#) pays nicely for your loyalty in the stock. It currently yields almost 4.3%. For reference, its 10-year DGR is 7.8%. Analysts believe at \$86.54 per share at writing, it trades at a discount of about 16%.

Let's assume a more conservative EPS growth rate of 6.5% and no valuation expansion in the dividend stock. We can approximate total returns of 10.8% per year over the next few years.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:TU (TELUS)
2. TSX:NA (National Bank of Canada)
3. TSX:T (TELUS)

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Date

2025/09/11

Date Created

2022/09/01

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