



What it Takes to Reach a \$10 Million Portfolio

Description

Although a \$10 million portfolio seems elusive to many, the number is actually more easily attainable than most investors realize. With many believing that the way to go is by looking for very speculative securities, which can return one million percent or more, the truth is that many investors who achieve this number most often do it by making a lifetime of good decisions, leading to a significant amount of compounding.

For those beginning with \$10,000 and making annual TFSA contributions of \$5,500 in addition to RSP contributions of \$4,500, the time to reach the magic number may not be as long as originally thought. Assuming a rate of return of 15% annually, investors will need only 35 years to build savings of \$10 million, assuming that no withdrawals are made along the way.

But how do I get there?

The best way to find returns of 15% may first be to look at companies that have returned that amount (or more) and ask what characteristics these companies possess which can be found in other securities. Over the past decade, shares of **Canadian National Railway Company** ([TSX:CNR](#))([NYSE:CNI](#)) have increased at a compounded annual growth rate (CAGR) of 24.7%, as the value of Canada's biggest railroad have been realized by investors. With a footprint that can never be duplicated, the company is in a unique position to provide the country with the service of moving goods from coast to coast.

After the railroad is Canada's biggest dollar store: **Dollarama Inc.** ([TSX:DOL](#)). Dollarama has increased at a CAGR of more than 40% over the past five years. Given that the company conducted its initial public offering in 2009, the returns for the past decade are not yet available. The edge possessed by the company is the outstanding distribution system and brand recognition, which have allowed the company to carry more items at prices above the \$1 or \$2 range. The company sells many items that cost more than a few dollars!

For investors who are looking forward (instead of backward), shares of Canada's marijuana companies may be the solution. At a current price of only \$7.50, shares of **Aphria Inc.** (TSX:APH) is one of the

country's biggest competitors in this new emerging industry. With a market capitalization of more than \$1 billion, the company is one of the first to reach a point of positive cash flow from operations in the industry.

Given the challenge of differentiating between profits and positive cash flows by many companies in the industry, Aphria may just be the first company to buck the trend, as the industry continues to expand at an extremely high rate. The biggest opportunity for investors in this industry is still yet to come when the government finally legalizes the substance, leading to a significant increase in sales and profits.

Here's to the race for \$10 million!

CATEGORY

1. Investing

POST TAG

1. Editor's Choice

TICKERS GLOBAL

1. NYSE:CNI (Canadian National Railway Company)
2. TSX:CNR (Canadian National Railway Company)
3. TSX:DOL (Dollarama Inc.)

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1. Msn
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Author

ryangoldsman

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