Millennials: Get a $100K TFSA With These 3 Shipping Stocks

Description

If you're a millennial who has yet to open a Tax-Free Savings Account (TFSA), first of all, get with it. This is *the* opportunity for making extra cash tax free. Hence the "tax-free" part of TFSA.

But after shaming you into submission, you'll be left with this number: $63,500.

That is the contribution room you have as an investor to put your money into something that could make you money for a long, long time.

So, if you're brand new to the game, there are three stocks here that I would buy that could turn your $63,500 TFSA into a $100,000 TFSA over the next few years, leaving you with a nice chunk of change for your future.

Canadian National

Canadian National Railway (TSX:CNR)(NYSE:CNI) is a top choice for investors. Even when it's up, you can't go wrong with buying it. There's no waiting around for it to drop; you can just buy it and leave it alone for decades.

That's because despite having an almost complete monopoly on the railway market in Canada, this company continues to grow. Recently, it invested in increasing its capacity, expanded into complementary transportation businesses, and acquired TransX and Halterm.

This growth was seen in the company's quarterly earnings data with earnings reaching $3.81 billion, pushing its five-year compound annual growth rate in free cash flows to 12.5%. This in turn supported a dividend increase to where it sits now at 1.8%.

FedEx

One caveat here: if you're buying **FedEx** (NYSE:FDX), there are taxes, as this is an American company. But what you pay in taxes, you'll likely make back and then some with this stock.

Currently trading at around $200 per share at the time of writing, this stock has the potential to double in the next 12 months. While this may sound risky, this shipping stock has a solid track record of performance that should make investors comfortable with their decision.

Most recently, its last quarter saw earnings of $17.01 billion and a return on equity of 22.67%, with revenue up 2.9% on a year-over-year basis. This company has weathered every storm in its five-decade history, literally and figuratively, from economic downturns to hurricanes. It continues to acquire businesses and expand its international operations, making it a perfect choice for your TFSA.

Mullen Group

Mullen Group (TSX:MTL) also provides transportation but oilfield services as well throughout North America. Because of its foot in the oil business, stocks have slumped over the past year. But with the rebound should come a rebound of its own once things pick up again, creating a valuable opportunity here.

It's not as if the company is performing poorly. Its most recent earnings saw earnings of $333.30 million, beating estimates of $330.75 million for the quarter. Revenue increased by 12.6%, and operating profitability increased 12.4% compared to a year ago. Inside investors have seen this as a sign to started buying up shares, seeing this as a chance to perhaps take part in another 2016 climb.

Some more good news is that the company has committed to keep its dividend around the 5% mark, which is where it sits now at 5.01%.

Bottom line

By taking that $63,500 and investing wisely, investors can easily turn that money in $100,000 over the next few years by investing $21,200 in each stock.

That would mean CNR would have to reach $198 per share, FedEx would reach $309 (which it might do before the year is through), and Mullen would reach $18.65 per share — a price it hit only four years ago.

All these numbers are well within reach, making these three choices perfect buy-and-hold stocks to make your TFSA rich.

CATEGORY

1. Investing

TICKERS GLOBAL

1. NYSE:CNI (Canadian National Railway Company)
2. NYSE:FDX (FedEx Corporation)
3. TSX:CNR (Canadian National Railway Company)
4. TSX:MTL (Mullen Group Ltd.)

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