TFSA Investors: How Can $6,000 Grow to $80,000 in 20 Years?

Description

Canadian investors are searching for ways to grow their hard earned savings into large nest eggs for retirement.

Some people buy real estate and rent it out in hopes that the tenants will pay off the mortgage and the property will rise in value, which has certainly been a successful strategy over the past 20 to 30 years, although it requires a significant investment of time, and you need to have cash reserves to cover maintenance costs and unexpected times when tenants don't pay.

Buying art, wine, or vintage cars is another option that has made some people rich. This requires a keen knowledge of the specific niche market, as well as a secure place to store the valuable items.

Another way that investors have grown their savings by significant amounts is through the ownership of quality dividend stocks, requiring limited time commitments once the shares are purchased and no added expenses for storage or upkeep.

In addition, the investment is liquid in the event you need to access the cash in a hurry to cover an unseen financial emergency.

Which stocks are attractive?

The top companies tend to be industry leaders with long track records of growing revenue and profits through acquisitions and organic expansion.

Let's take a look at one relatively unknown stock that has generated significant returns for investors.

Saputo (TSX:SAP)

Saputo might not be a name that most investors recognize on their trading screen, but the company's products are probably in most people's refrigerators.

Saputo was founded in Montreal in 1954 with $500 and a bicycle for deliveries. The Saputo family worked hard to make their dream a reality. Today, the business is a global dairy giant with a market capitalization of more than $17 billion.

Since going public in 1997, Saputo has made more than 30 acquisitions and the company's products are now sold in more than 40 countries. Saputo is the top cheese producer in Canada and a top-three player in the United States.

The Saputo family still runs the business and the success of the company has helped some of their loyal investors become quite rich.

In fact, an investor who purchased $6,000 worth of Saputo shares 20 years ago would have more than $82,000 today with the dividends reinvested.

Should you buy?

Saputo should continue to be a solid buy-and-hold pick for TFSA investors. If you have some cash sitting on the sidelines, it might be an interesting stock to start your self-directed wealth fund.

The TSX Index is home to many companies that have generated similar or better returns. Some of them are household names, while others maintain a low investor profile, but are solid long-term picks.

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