TFSA Investors: 1 Stock, 10 Years, $100,000

Description

It can be next to impossible to find solid stocks that have a history of strong growth and the potential for so much more room to grow. Now that Canadians have had access to a Tax-Free Savings Account (TFSA) for a decade, investors should be wondering what the next decade could look like for their stocks.

Well, what if I told you that by using only about a quarter of your contribution room, you could have more than $100,000 in the next decade?

It's absolutely true, and there is one stock out there with the history and future potential to back it up: **Open Text** (TSX:OTEX)(NASDAQ:OTEX).

Open Text might not sound like the regular solution to your TFSA dreams, and honestly, it's not. Rather than investing in a bank or an energy company, Open Text has hitched a ride on the newest tech boom. On top of being a solid company around for decades, the stock still has huge growth potential and a regular distribution (which you won't find with most tech stocks) that has been hiked by about 30% in the last five years.

The software products and services company focuses on managing content or unstructured data for large companies. How large? Think governments, professional firms, and even **Alphabet**. In fact, Open Text has been Canada's largest software company since 2014, much of this coming through a history of acquisitions. More recently, the company has shifted its focus to making huge partnerships, such as the one with Alphabet.

That partnership apparently goes both ways. While Open Text is being used for the company's Google Drive programs, Open Text will have access to Alphabet's artificial intelligence cloud infrastructure in its suite of software solutions. The partnership should help Alphabet expand more into the cloud industry and Open Text into the next stages of its AI dreams.

So, clearly, there's a lot to look forward to in the future. But what about right now?

One advantage Open Text has over other tech firms: it's profitable. The company is already on track to bring in about $3 billion in revenue this year, but that's apparently just the beginning. Open Text has said there is a market to include 10,000 major institutions into its business, and that would be worth over $100 billion. Alphabet is already helping a lot with that ambitious goal.

Another advantage of Open Text: its earnings. While there are certainly companies out there that are producing crazy earnings, those companies are also quite young. Open Text provides investors with a long history of consistent growth, while still performing better than its industry. Most recently, the company produced revenue of $2.87 billion, up 1.9% for fiscal 2019, and annual recurring revenues of $557.1 million

, up 4.2% for the quarter. Also, cloud services and subscriptions revenues were up a whopping 11% for the quarter.
This brings me to my final point: Open Text's future outlook. While I've already given you a lot of information about the future outlook of Open Text, analysts have put some numbers behind it. While some see the stock as overvalued, they also would consider the stock still a buy. In the next 12 months, the stock could rise to as much as $64 per share — a potential upside of 11% at writing.

But basing the future outlook on past performance, to reach that goal of $100,000, an investor would need to purchase 285 shares at writing, using the 1.59% dividend yield to reinvest in the stock over the next decade. If they did that, by 2029, investors would have a solid $100,668.29 in their TFSA.

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