
TFSA Investors: Here's How You Can Become a Millionaire This Decade

### Description

The Tax-Free Savings Account was introduced in 2009 and made many fortunes in the previous decade. Many young investors dove head-first into the cannabis sector after the 2015 election, and they were rewarded with incredible gains that lasted right up until recreational legalization. Investors in technology stocks like **Shopify** will have also walked away with massive tax-free capital growth.



Last year I'd discussed how investors in the past managed to build million-dollar TFSAs, and how new investors could pursue such a lofty goal. The cumulative contribution room for a TFSA now sits at $69,500, so the goal of a TFSA worth $1 million is not the stretch it was in the beginning of the 2010s.

## TFSA: The growth machine

There are many strategies investors can pursue in a TFSA. It is well-liked for its flexibility as a registered account. However, investors who pursued successful growth strategies in the previous decade were likely able to squeeze the most value out of the account. This is especially true for those with a long investment horizon.

Today I want to look at two growth stocks that could help investors build a million-dollar TFSA over the next decade.

**CAE** (TSX:CAE)(NYSE:CAE) is a Montreal-based company that manufactures simulation technologies for several sectors, including aerospace, health care, and defence. Its shares have already climbed 12.6% in 2020 as of early afternoon trading on January 20. Investors can expect to see its third-quarter fiscal 2020 results by mid-February.

Aerospace, health care, and defence are all promising sectors that underwent impressive growth in the 2010s. This is expected to continue over the course of this decade. In the second quarter, CAE's Civil Aviation Training Solutions segment reported revenue of $529.9 million, which was up 35% from the prior year. Its Defence segment only posted 5% revenue growth, but CAE forecasts more activity in the back half of the year.

The stock also offers a modest quarterly dividend of $0.11 per share, which represents a 1.1% yield. This is a solid boon for investors looking for a little extra income.

**Kinaxis** (TSX:KXS) is one of my favourite technology stocks available on the TSX. The Ottawa-based company has emerged as a global leader in providing supply chain software solutions. It has built an impressive client base in the back half of the previous decade, adding companies like **Unilever**, **Toyota Motors**, British American Tobacco, and **Ford**. Shares of Kinaxis have increased 7% so far in 2020.

The company is expected to release its fourth-quarter and full-year results for 2019 in late February or early March. Total revenue at Kinaxis rose 29% year over year to $47.1 million and SaaS revenue climbed 28% to $31.2 million. Gross profit jumped 36% from the prior year to $33.3 million. It projects moderate growth into fiscal 2020 and 2021 as it continues its global expansion.

Shares of Kinaxis possess a sky-high price-to-earnings ratio and a price-to-book value of 10. This is not uncommon in the tech sector, and I still love Kinaxis as a long-term play. Value investors who are looking to add this in their TFSA may want to wait for a more attractive entry point.

**CATEGORY**

1. Investing



**TICKERS GLOBAL**

1. NYSE:CAE (CAE Inc.)
2. TSX:CAE (CAE Inc.)
3. TSX:KXS (Kinaxis Inc.)

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