TFSA Investors: Grow 1.4 Million Dollars From a Diversified Portfolio

Description

Many investors tend to stick with Dividend Aristocrats in order to grow their wealth. The reason is simple. A dividend- dependent wealth-growing strategy is simple to plan and execute, and your returns are relatively more secure. In other words, rather than testing their portfolio's tolerance for risk, people stick with the safer path, even at the expense of faster growth.

This is a smart strategy. But that doesn't mean that divulging in growth stocks is only for the financial "daredevils." If you plan right, choose the right growth stocks, and diversify, you can harness the wealth-building pace offered by the growth stocks.

For this article, I have chosen three companies in three different sectors. One of them is a Dividend Aristocrat. Let's allocate $20,000 to each as a one-time investment and see where the growth takes us. For growth projections and to account for risk, we will use only half of the past three-year CAGR.

A company in the ethereal realm of software

OpenText (TSX:OTEX)(NASDAQ:OTEX) is one of the top enterprise information management companies in the world. At $9.15 billion, it's also one of the largest software companies in the country by market cap.

The company has catered to almost 120,000 customers and has about 100 million end users. The company's continual growth is the result of its strategic acquisitions and focus on operational efficiency.

Those strategies appear to have paid off very well. The company has grown its market value by over 900% in the past 15 years. Currently, the company is trading at a yearly low of $46.7 per share.

It's also a Dividend Aristocrat with seven years of increased payouts under its belt. While its yield of about 2% might appear low, its dividend growth rate is very high — over 100% in the past five years.

Thus, an investment of $20,000 in OpenText with a 6.68% growth rate (half of 13.36%, the three-year CAGR), can grow to about $139,000 in 30 years.

A company up in the air

Cargojet (TSX:CJT) is another fast-growing Canadian stock. From a diversification angle, it belongs to a completely different industry. The company operates a fleet of cargo jets that ferry about 1.3 million pounds of cargo every single night. The company is in a stable business and is currently operating in a market with almost no significant competitor.

Currently, the company is trading at $82.25 per share and has grown over 224% in the past five years. If we put $20,000 in Cargojet and it grows at half its three-year CAGR pace of 11.45%, you could earn over $510,000 in 30 years.

A company down in the ground

Since the beginning of time, gold has held a special place in the hearts of men. Even if people don't invest in the metal itself, the companies in the business of producing gold are just as alluring.

One such company is the Toronto-based **Wesdome Gold Mines** (TSX:WDO). It has been operating for over 30 years and aims to produce over 200,000 ounces of gold from its mines in Canada in the future.

The gold business is shining, and the market value of the company increased by 580% in the past five years. If we take half of its three-year CAGR, we get about 13.16% growth rates; at that rate, $20,000 will grow to about $810,000 in the next 30 years.

Foolish takeaway

Combined, the companies may grow your one-time, $60,000 investment into about $1.45 million in 30 years. Granted, we haven't taken into account what happens to your capital if the companies actually fall and stay there for a while.

But that's the intrinsic risk of investing in growth stocks. Still, companies have grown consistently for that long a period, and at faster growth rates.

CATEGORY

1. Dividend Stocks
2. Investing
3. Tech Stocks

TICKERS GLOBAL

1. NASDAQ:OTEX (Open Text Corporation)
2. TSX:CJT (Cargojet Inc.)

3. TSX:OTEX (Open Text Corporation)
4. TSX:WDO (Wesdome Gold Mines Ltd.)

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