



\$6,000 Invested in These 2 Stocks Could Make You a TFSA Fortune

Description

The Tax-Free Savings Account (TFSA) and RRSP are both fantastic tools for investors. While RRSP offers a significantly higher contribution limit, TFSA offers tax-free growth. If the bulk of your investment growth is taking place inside a TFSA, you can enjoy a cozy and well-funded retirement without worrying about being pushed into a higher tax bracket.

That said, the “low” contribution limit of the TFSA seems very limiting to many people, who don’t believe it’s enough to help you grow a fortune in your TFSA — and they are right. It’s not enough to grow your wealth to significant proportions if you have invested it in the wrong place. But in the right stocks, \$6,000 can be enough to make you a fortune.

First right stock

The first right stock for your \$6,000 capital is **Franco Nevada Corp** ([TSX:FNV](#))([NYSE:FNV](#)). This Toronto- based company is a metal royalty and streaming company that focuses primarily on gold. It has a well-diversified asset portfolio in terms of geography, commodity, and stage of the project. Currently, the company has a stake in 375 assets (296 mining, 76 energy).

Its strategy of not owning and managing the mines itself, rather just [focusing on royalties](#) and streams is working amazingly well. The company returned 224% to its investors in the past five years.

Its market value growth has been very consistent over the past decade, bringing the 10-year CAGR to 22%. It’s also a Dividend Aristocrat and has increased its payouts for 12 consecutive years.

If it keeps growing its market value at about 22% a year, \$6,000 can grow over \$320,000 in 20 years. A bit more if you choose the DRIP. The company, thanks to its dependency on gold, is resilient against recession. It also doesn’t have any long-term debt or major liabilities.

Second right stock

Financial stocks took a hard hit in the pandemic, but a lot of them are making a [swift recovery](#), including **goeasy** ([TSX:GSY](#)). The company is one of the big players in the small personal loan business – a growing market in the country.

It offers secured and unsecured personal loans and has furnished about \$1.17 billion in gross consumer loans. The company has grown to over 2,000 employees and over 400 physical locations.

At its worst point during the crash, the company was trading at a price of about 70% down from its start of the year value. But it has recovered quite swiftly, and is now just 23% down. At this pace, it might return to its pre-crash value in about three months.

The company is also a Dividend Aristocrat with an amazing growth rate and a 10-year CAGR equivalent to 23%. \$6000 at this pace, can grow up to \$376,000 in 20 years.

While \$6,000 might not seem like a huge sum, it can do wonders for your wealth in the right stock. Even if you split the \$6,000 between the two stocks, your average return in 20 years (at the mean rate of 22.5%), will be about \$347,000.

Foolish takeaway

TFSA can be a powerful tool if used the right way. Now that you know what the potential of \$6,000 (which is just one year's contribution limit) in the right stock is, imagine what you can do if you fill up your TFSA every year.

You can maximize it by buying in the dip and timing the market. It won't always work, but even a few perfectly timed investments can do wonders for your portfolio.

CATEGORY

1. Dividend Stocks
2. Investing
3. Metals and Mining Stocks

TICKERS GLOBAL

1. NYSE:FNV (Franco-Nevada)
2. TSX:FNV (Franco-Nevada)
3. TSX:GSY (goeasy Ltd.)

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