Top TSX Stocks That Could Make You a Millionaire by 2030

Description

TSX stocks came out pretty strong in the last three months, despite recession woes and increasing pandemic worries. Many investors kept procrastinating, driven by the gloomy commentary.

However, whether you acted in the crash or not, it makes a little impact if you are a very long-term investor. And interestingly, Canadian markets still offer plenty of worthy opportunities.

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Top TSX growth stocks

While market participants kept screaming about the economy getting bleaker, many TSX tech stocks witnessed massive growth this year. Such high-growth stocks are relatively riskier but are more useful to create wealth in a shorter period.

Top e-commerce stock **Shopify** (TSX:SHOP)(NYSE:SHOP) has had one of the biggest rallies of all time in the last few years. It was trading close to $50 five years ago, and the stock recently breached $1,250 levels — a compounded annual growth rate of 90%.

Shopify's attractive business model, backed by cutting-edge technology, drove its growth in all these years. Changing shopping trends and increasing global internet penetration also supported Shopify's growth story.

Shopify might not grow at the same pace for the future. However, it will still remain one of the fastest-growing tech companies in the country. Even if its growth rate halves in the next decade, $25,000 invested in Shopify would turn into a million by 2030.

Another stock that has shown significant growth recently is **Cargojet** (TSX:CJT). The freight and logistics airline company has managed to operate almost normally throughout the COVID-19 pandemic.

Cargojet stock returned 45% compounded annually in the last five years. This is much shorter compared to Shopify, but it is, in fact, much taller against broader markets.

It looks poised for strong growth going forward. Sustained e-commerce growth will likely boost Cargojet with its unique selling proposition of next-day delivery.

Aggressive versus defensive stocks

Investors should note that with growth stocks like Shopify or Cargojet, it may take much less time to build a robust retirement reserve than with defensive stocks. This is where taking a high risk can pay off.

Moreover, a higher initial investment or a little longer duration will generate a similar amount of wealth. Investors can consider other high-growth stocks like **Constellation Software** or **Kinaxis** that have created significant wealth in the last few years.

However, slow-growing stocks like utilities or telecom can be less useful in generating wealth but offer stability and dividends.

For example, in the last five years, telecom giant **BCE** returned only 7%, including dividends. They generally outperform in an economic downturn.

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You can't anticipate sky-high returns with recession-proof, divided-paying stocks in a shorter duration. One has to assume a higher risk to turn an investment into a seven-digit figure.

Thus, a healthy combination of both aggressive and defensive stocks will outperform broader markets in almost all situations. The prudent combination is based on the investor's own risk tolerance.

An individual with say more than a decade to retirement is more able to stomach higher risks. Thus, they will have a higher portion allotted to high-growth, aggressive stocks and less towards defensive stocks, and vice versa.

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2. TSX:CJT (Cargojet Inc.)
3. TSX:SHOP (Shopify Inc.)

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