



TSX Stocks: A Million-Dollar TFSA Is Just a Decade Away

Description

“Who Wants to Be a Millionaire” was a pretty popular show back in the late 90s and early 20s. At that time, having a million dollars was a dream. You don’t need a show or a lottery ticket to become a millionaire.

Systematic and disciplined investing in high-growth stocks from your Tax-Free Savings Account (TFSA) can make you a millionaire in 10 years. And if you stay invested, this amount will only multiply.

So you want to be a millionaire...

The stock market is the place that has made many millionaires. Investment juggernauts like Warren Buffett to Prem Watsa earned their fortunes by investing in stocks.

Warren Buffett invests in a handful of companies that he would like to stay invested in for the next 10 years. The 10-year time frame is ideal for growth stocks to overcome short-term headwinds and deliver returns. Even if there is an economic recession, 10 years is sufficient to overcome the downturn and rise again.

In the 2009 recession, the Canadian government launched the TFSA, where you can invest your after-tax income and let your money grow tax-free. Moreover, when you withdraw your investment income, it is exempt from tax. If you started investing \$5,000 every year in your TFSA from 2009 onwards, you would have invested \$55,000 by now. If you succeeded in identifying high-growth stocks at an early stage, your TFSA would have \$1 million by now.

Two growth stocks that can make you a millionaire

Back in 2010, **Constellation Software** ([TSX:CSU](#)) was in a high-growth stage, with its revenue growing 45% YoY (year over year). Between 2010 and 2014, its revenue increased at a CAGR of 21%. If you had invested \$5,000 every year in Constellation during this period, your investment value would be \$574,000 today.

However, Constellation's growth rate slowed in the subsequent years, with revenue CAGR of 14% between 2015 and 2019. When the revenue growth rate of a software company slows, you should look for another growth stock in its early stages.

In mid-2015, **Shopify** ([TSX:SHOP](#))([NYSE:SHOP](#)) launched its initial public offering (IPO) and started trading on the Toronto Stock Exchange. In that year, its revenue grew 95% YoY. Between 2015 and 2019, its revenue increased at a CAGR of 50%. If you had invested \$5,000 every year in Shopify during this period, your investment value would be \$517,000 today.

By investing \$5,000 every year in Constellation from 2010 to 2014 and in Shopify from 2015 to 2020, you could have become a millionaire by now. Both these stocks are currently trading at their all-time highs.

You can withdraw half of your holdings in these stocks and invest them in high-quality dividend stocks like **RioCan REIT**, which has a dividend yield of 9.5%. It has a [20-year history](#) of paying dividends with no dividend cuts. Investing \$546,000 in RioCan will generate \$4,200 in monthly dividend income.

As RioCan stock is less volatile, your primary investment will remain safe, and you will continue to enjoy a regular income. With this income, you can even retire early.

This TSX stock can earn you your next \$1 million

It's not too late to start investing. All you have to do is identify the stocks that are in their early stages of growth.

Lightspeed POS ([TSX:LSPD](#)) [is a growth stock](#) that is in its early stage. It provides cloud-based, point-of-sale (POS) payment solutions that help retailers and restaurants integrate their in-store platform with an e-commerce store. Amid the COVID-19 pandemic, many retailers and restaurants shifted from physical stores to online stores. Because of this shift, Lightspeed saw a 400% surge in its e-commerce volumes in April compared to February.

In fiscal 2020 ended March 31, Lightspeed's revenue rose 56% YoY. However, its stock is still down 8.4% year to date. As the company is in the growth stage, its stock has surged 78% since its March 2019 IPO and is trading at 17 times its sales per share. This valuation is low for a company that is generating revenue growth of over 50%.

Lightspeed is broadening its e-commerce solutions. If it succeeds in gaining market share in the high-growth stage, it can earn you your next million dollars over the next 10 years.

CATEGORY

1. Coronavirus
2. Dividend Stocks

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POST TAG

1. Editor's Choice

TICKERS GLOBAL

1. NYSE:SHOP (Shopify Inc.)
2. TSX:CSU (Constellation Software Inc.)
3. TSX:LSPD (Lightspeed Commerce)
4. TSX:SHOP (Shopify Inc.)

PARTNER-FEEDS

1. Business Insider
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