Tim Cook Missed Out on Buying Elon Musk's Tesla: A Lesson for TFSA Investors

Description

In 2020, the coronavirus made the stock market highly unpredictable. It's very rare to see most companies' fundamentals suddenly change within a year. Many stable businesses that were financially stable before 2020 faced big troubles. On the flip side, a handful of tech companies — that big investors usually ignored — turned out to be the winner this year.

Such market conditions made it even more difficult for investors to pick good stocks to buy.

Apple rejected Musk's Tesla offer

If you have been investing for years, you might have come across a situation where you just missed buying a cheap stock that rallied before you could even buy it. But it's a part of the game. Some stocks that you pick with high expectations don't do very well. Instead, other stocks that you are not really sure about seem to rally endlessly.

But don't worry; it's not only you who makes such mistakes. Recently, **Tesla** founder and CEO Elon Musk revealed in a series of tweets how **Apple** apparently missed buying a great company a few years ago. "During the darkest days of the Model 3 program, I reached out to Tim Cook to discuss the possibility of Apple acquiring Tesla (for 1/10 of our current value). He refused to take the meeting.," Musk tweeted.

Simply put, it means Tim Cook refused Musk's offer that would convert every $100 Apple spend on the Tesla deal into $10,000.

A lesson for TFSA investors

Multiple recent surveys show how a large number of Tax-Free Savings Account (TFSA) contributors don't use or rarely use the account for investing purposes. Rather, they prefer to keep cash on it.

In a way, it's no different than Apple missing the opportunity to convert its $100 into $10,000 in a few years by rejecting Musk's Tesla acquisition offer. If you buy the right stocks at the right time and hold it in your TFSA, you can multiply your money in much less time than you can imagine. And don't forget that all returns that you get on your TSFA investments remain tax-free.

Picking the right stocks for a TFSA

Now comes the tricky part. If you've never invested in stocks before, you might find all the information available online overwhelming. So, it's always better to let experts do their job and recommend you great growth stocks or maybe some undervalued stocks that could help you grow your money faster.

For example, if you invested in **Shopify** (TSX:SHOP)(NYSE:SHOP) stock five years ago, each $1,000 you invested in it five years ago would turn into more than $44,000 today. The great part about TFSA as I said earlier is that you wouldn't have to pay any taxes on all this earned extra money.

Shopify is a subscription solutions and merchant solutions firm that saw massive growth this year. It's sales and profitability significantly improved, as the coronavirus-driven shutdowns encouraged more businesses to improve their online presence.

Shopify stock has yielded a nearly 200% return in 2020 itself. But it doesn't mean that it wouldn't rise anymore. Its subscription-based products would continue to help it expand its business in the coming years. As a result, its stock could even yield much better returns than what it has yielded in the last five years.

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