



## TFSA Investors: Turn \$6,000 Into \$50,000 With These Top Stocks

### Description

February is a great time of year for Tax-Free Savings Account (TFSA) investors to start thinking about investing their 2021, \$6,000 contribution limit. Frankly, any time is a great time to think about contributing to and [investing in your TFSA](#).

No other Canadian registered account enables you to invest your hard-earned cash and pay zero taxes on the returns earned. It is an ideal opportunity for Canadians to build long-term, compounding wealth and savings.

Today, you could start out with as little as \$6,000 in your account. If invested wisely, it is not impossible to imagine that it could turn into \$50,000 in as little as 10 years. Here are two top TSX stocks that were able to accomplish similar feats over the past decade. I imagine it still could be possible for the next 10 years.

### This TFSA stock is perfect lifetime income strategy

The first TFSA stock is **Brookfield Infrastructure Partners** ([TSX:BIP.UN](#))([NYSE:BIP](#)). Who would have thought that a boring infrastructure stock could return a whopping 21.76% average annual return (if dividends were reinvested) since 2011? Had you invested \$6,000 then, your stock would be worth \$47,000 today. It's amazing to consider that 40% of those returns actually came from dividends paid out over that time!

This TFSA stock is a legend at dividend growth. Since 2009, it has grown its per-unit distribution by an 11% CAGR. The company has an incredibly stable platform of long-life, contracted assets. These assets produce predictable streams of cash.

Yet, BIP also has an expertise at unlocking organic growth within its asset base. The company is well capitalized, superbly managed, and has significant opportunities internally and externally to grow. It pays a great 3.5% dividend today. Frankly, any day is a great day to buy this stock for the long term.

## This TFSA stock is a Canadian compounding legend

Another TFSA stock of legends is **Constellation Software** ([TSX:CSU](#)). Like Brookfield Infrastructure, Constellation is a free cash flow-pumping machine. Unlike BIP, it has chosen to reinvest its steady cash flow stream back into its core strategy: consolidating niche software businesses across the globe. Had you invested \$6,000 into this stock at the start of 2011, it would be worth almost \$193,070 today!

This TFSA stock grew with an annual average return of 41%! Simply due to the size of the company today, that growth rate might be difficult to replicate going forward. Yet, if that annual return rate is cut in half, you would still be set for a decade of phenomenal gains. Constellation has some of the smartest managers in Canada.

It is now using new vehicles, [such as spin-outs](#), to continue to expand its reach into new verticals and geographies. If you are patient, this TFSA stock could really perform well for the next decade to come.

## The tax-free takeaway

The point here is, time in every investment is your friend. Find stocks for your TFSA with great forward-thinking managers, well-capitalized balance sheets (and limited debt), operational expertise, competitive moats, and high returns on invested capital.

Tuck these stocks away and only check on them once a year. So long as their investment thesis continues, keep holding them and let the power of compounding returns create much out of little!

Stay Foolish!

### CATEGORY

1. Dividend Stocks
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### POST TAG

1. Editor's Choice

### TICKERS GLOBAL

1. NYSE:BIP (Brookfield Infrastructure Partners L.P.)
2. TSX:BIP.UN (Brookfield Infrastructure Partners L.P.)
3. TSX:CSU (Constellation Software Inc.)

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