



Turn a \$75K TFSA Into \$1 Million with This Top TSX Stock

Description

Looking for a single stock that could take a \$75,000 Tax-Free Savings Account (TFSA) to the seven-digit realm? How about a stock that can do this in less than 10 years?

In this article, I'm going to discuss why **Constellation Software** ([TSX:CSU](#)) is the perfect stock.

Constellation's track record impressive

Over the past decade, an investor with a \$75,000 investment in Constellation would now have well over \$2 million. Of course, the TFSA was in its infancy at that time, just a few years old. Investors would not have been able to plug \$75K into this stock at that time, but could have over the past 12 years.

If investors believe Constellation will provide even half its long-term historical growth rate over the coming decade, a \$1 million TFSA is not out of the question.

The kicker? That's a million dollars the tax man can't touch. The TFSA is the perfect place to buy and hold long-term growth stocks like Constellation. Thus, I recommend investors allocate a heavier weighting to such stocks in their TFSA. Over the long run, the tax benefits could be enormous.

Barbell strategy makes sense for most investors

Thus, a [barbell strategy](#) might make sense for the average investor's TFSA and RRSP accounts. On one end of the barbell, the higher risk, higher growth stocks would go in the TFSA. On the other end, the lower risk, defensive income stocks would go in the RRSP. Such a strategy is often employed by long-term investors looking for the best of both worlds. Total return comes from both capital appreciation and dividend income. Having capital appreciation in the most tax-efficient place just makes dollar and cents.

Constellation's status as a TFSA core holding is cemented by its growth profile. The company is one of

the best acquirers on the TSX historically. Accordingly, investors can expect more growth on the horizon as Constellation pursues bigger deals. The company recently announced it's considering cutting or eliminating its dividend to pursue such deals.

This should be viewed as a positive by long-term growth investors. Indeed, there's no better company to leave one's money with than a proven compounder like Constellation.

Bottom line

As far as top picks I'd recommend investors consider putting into their TFSAs, Constellation is about as good as it gets. This company has the historical track record and amazingly long runway to achieve similar growth in the future.

Finding a company that not only has the potential for the level of capital appreciation needed to turn \$75K into \$1 million, but has done this historically is difficult to do. Indeed, Constellation is one of a select few companies that investors would be remiss to ignore.

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1. Investing
2. Tech Stocks

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TICKERS GLOBAL

1. TSX:CSU (Constellation Software Inc.)

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Date

2025/08/16

Date Created

2021/02/22

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