



TFSA Investors: 3 Stocks to Hit Your Million-Dollar Mark

Description

One disclaimer that you might have seen with almost all ETFs, funds, and a few other investment assets, is that “past performance is no guarantee of future results.” It’s more than just a bitter pill to swallow for most investors; it’s a conundrum. Where *e/se* would you look, if not the past performance of the stock, to gauge its future potential?

But that disclaimer is good for keeping investors’ expectations realistic and encourages them to try for a higher figure, so even if they fall short, they might be near the vicinity of their original target.

For instance, you need three things to grow a million-dollar nest egg in your TFSA: an adequate amount of capital, a decent growth rate, and enough time. A fully contributed TFSA would be worth \$75,500 in 2021, so let’s go with \$60,000 as capital. \$60,000 growing at 10% a year would need three decades to grow to a million dollars. And if you can raise the growth rate to just 12.5%, you can hit the million-dollar mark in just 24 years.

And the following three stocks all have a 10-year CAGR at least twice this rate.

A convenience store company

Alimentation Couche-Tard (TSX:ATD.B) is one of the largest Canada-based [convenience store chains](#). It has about 14,200 locations in 26 countries, including convenience stores and 450 automated fuel sites in Europe. The ATD stock showed one of the fastest recoveries after the 2020 crash, but afterward, the valuation became stagnant and dipped significantly in early 2021. But it’s recovering, and the stock has grown almost 23% in the last five months.

ATD offers a 10-year CAGR of 26.8% and a dividend yield of 0.78%. It’s an aristocrat that has been growing its dividends for the past 11 years, and this stellar history — along with a safe business model and a geographically diversified presence — makes it a decent long-term holding.

A transport company

Another aristocrat that can help you grow your investments a million dollars in your TFSA is **TFI International** ([TSX:TFII](#))([NYSE:TFII](#)). [The transport company](#) is going through an epic growth phase, and the share price has grown 164% in the past 12 months alone. The recent growth spurt is most likely the transport company's growing e-commerce network that now connects 80 North American cities.

TFII also has an aggressive acquisition and market consolidation approach and has acquired about 94 companies since 2008. The company has a strong balance sheet and manageable debt (which is less than one-fifth of the company's market capitalization). It also has a 10-year CAGR of 25.4% and a strong position in a highly competitive market, making it an amazing long-term holding.

A self-storage company

StorageVault Canada (TSXV:SVI) is an Ontario-based self-storage company and, with its market capitalization of \$1.75 billion, one of the largest companies on the junior exchange. There are seven brands under StorageVault's banner and 212 stores to its name — 167 of which the company owns, and the rest are under its management. Combined, that makes for 82,224 individual storage units.

As per the company's own projections, self-storage is one of the most enticing asset classes in Canadian real estate, with a 41% ROI that's significantly higher than the next-best asset class. The stock is quite expensive, but it's understandable, considering the company's consistent growth, strong financials, and a powerful 10-year CAGR of 34.9%.

Foolish takeaway

Even though all the companies have a historical growth rate high enough that if they can sustain it, it can make you a millionaire in significantly less than 25 years (with \$60,000 invested from your fully stocked TFSA). But a healthier approach would be to split your capital in multiple stocks and reduce the probability of losing your capital or growth slowing down and throwing off your projections.

CATEGORY

1. Dividend Stocks
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2. TSX:SVI (StorageVault Canada Inc.)
3. TSX:TFII (TFI International)

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Date

2025/07/03

Date Created

2021/06/08

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