



How to Become a Millennial Millionaire

Description

Other than investing in real estate, such as buying your own home, another path to becoming a millennial millionaire is to invest in the stock market. Historically, the long-term stock market returns have averaged 7-10% per year. However, if you invest in growth stocks, you can potentially get *much higher* returns and become a millionaire much faster.

Many Canadian investors have domestically concentrated stock portfolios. Sometimes, this means a focus on financial stocks, which make up 35% of the **TSX** and are mostly stable-growth, traditional stocks. One exception is **goeasy** ([TSX:GSY](#)), which has been in a strong rally — more than six times investors' money — since the pandemic market crash.

Growth stock goeasy

In the last 10 years, the non-prime lender has delivered incredible annualized returns of close to 40%! This means it has been a 28-bagger, turning an initial \$10,000 investment into more than \$286,972.

The growth stock appears to be fairly valued today. But if the business continues to perform, it could hit the \$300 range over the next 12 months to climb another 47% or so.

That said, goeasy stock has sold off before. Its long-term normal price-to-earnings ratio is close to 12 versus its current multiple of about 21. If the growth stock substantially declines, such as during a bear market, it'll probably be a superb opportunity to back up the truck. What's noteworthy is that goeasy has also been a diligent dividend-growth stock. Since 2014, it has almost eight times its dividend.

You don't necessarily need to discover the next hot stock or growth trend to achieve growth. South of the border, there are additional [growth stocks](#) that are great to choose from. Here's a "prime" example.

Amazon stock is still amazing

Everyone knows **Amazon** ([NASDAQ:AMZN](#)). And the e-commerce giant has been growing at an

extraordinary pace for a number of years. Its 10-year returns were a compound annual growth rate of about 32% — essentially growing an initial \$10,000 investment into \$163,041 for a 16-bagger.

The growth stock has pretty much consolidated since the summer of 2020. As a result, it trades at a good valuation. And it seems to be gathering strength for the next leg up. Over the next few years, it can potentially deliver market-beating annualized returns of 15-20%.

Are you feeling adventurous?

If you have sufficient stock investing experience in large-cap stocks, it might be time to explore small-cap stocks on the **TSX Venture Exchange**. You might find diamonds in the rough there.

Periodically, some TSXV stocks would graduate to the TSX, from which they'll become more well known. Look for the small-cap stocks that are expected to provide persistent growth in profitability.

For example, **WELL Health** ([TSX:WELL](#)) stock has been a four-bagger since graduating from the TSXV to the TSX in January 2020. Similarly, **Converge Technology Solutions** ([TSX:CTS](#)) stock has doubled since February 2021. Both stocks are in their early stages of growth and make strategic acquisitions to expand their offerings.

WELL Health is modernizing the healthcare sector through the use of technology, such as telehealth and electronic medical records. As management described, Converge is a hybrid IT solutions company focused on the mid-market that buys resellers and turns them into cloud service providers. The [tech stocks](#) have bright growth prospects and a worthy of interested investors' further research.

The Foolish investor takeaway

If you're investing \$800 a month for 10% per year, you'll arrive at +\$1 million in 26 years. If you boost the return to 12%, it'll take 23 years. If you already have a \$100,000 stock portfolio, you'll arrive at +\$1 million in 19 years investing \$800/month on a 10% annualized return and 16 years on a 12% return.

Saving more, saving earlier, or investing for a higher return will help you become a millennial millionaire sooner! So start saving and investing now if you haven't already.

CATEGORY

1. Investing
2. Tech Stocks

TICKERS GLOBAL

1. NASDAQ:AMZN (Amazon.com Inc.)
2. TSX:GSY (goeasy Ltd.)
3. TSX:WELL (WELL Health Technologies Corp.)

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