



Gen Z Investors: Make Millions by Investing in This 1 TSX Stock

Description

Don't be fooled, Gen Z investors! This is certainly not clickbait. You can indeed make millions in a safe way by investing in just one **TSX** stock. Should it be the only one you invest in? Absolutely not. But younger investors can certainly see that by choosing one solid company and holding it for decades can create millions in any portfolio.

Which portfolio?

Gen Z investors should already be aware of the benefits of the Tax-Free Savings Account (TFSA). In fact, this generation is incredibly good when it comes to managing their finances. Over half check on their finances on a quarterly basis, as well as meet with a financial advisor for guidance. These are amazing steps to managing your financial future.

And that's what it's about: the future. That's what we care about here are Motley Fool. Short-term gains are nice if you can manage it, but investing shouldn't be exciting. It should be boring. Boring is stable, so boring is good. But it doesn't make it any less thrilling when decades from now, you could have millions at your disposal.

What TSX stock to pick

Gen Z investors should look for blue-chip companies. These are household names that have been around the TSX for decades with proven track records and that usually pay out solid dividends. By investing in these companies, you'll give yourself a good chance of continuing to see the solid growth that the company has enjoyed in the past.

A good one to consider right now would be an [exchange-traded fund](#) (ETF) with a focus on dividends. A great option today would be **BMO Canadian High Dividend Capped Covered Call ETF** ([TSX:ZWC](#)). This ETF aims to provide long-term growth by replicating the performance of high-dividend companies on the TSX. Oh, and, as the name suggests, it offers a strong dividend of 7.2% as of writing.

How to make millions

Now, let's say you had \$50,000 to put down on this ETF today. After that, you decide you're just going to reinvest your dividends and add about \$6,000 each year to the company and let it grow ... and grow ... and grow some more. If you're 25 right now, you likely won't need that cash for retiring purposes for another 40 years. That gives Gen Z investors four decades to see their cash grow.

For this BMO portfolio, Gen Z investors would get \$1.20 per share per year dished out on a monthly basis. That dividend has grown at a compound annual growth rate (CAGR) of around 1% over the last decade. And an investment of \$50,000 would get you 2,476 shares as of writing for \$2,971 in annual income.

If you were to reinvest that income year after year, after 40 years your \$50,000 portfolio would be worth an insane \$2,653,329 after those decades of reinvesting just \$6,000 each year, which, coincidentally, is your TFSA contribution room.

Foolish takeaway

As any Motley Fool investor can see, this ETF doesn't grow that much, and neither does its [dividend](#). But by adding to it on a consistent basis and reinvesting dividends, Gen Z investors can have over \$2.5 million ready to go when they retire 40 years down the line.

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