TFSA Investors: 2 TSX Stocks That Could Make an Incredible Fortune

Description

The [Tax-Free Savings Account](#) (TFSA) is a great tool for Canadians looking to build a stock market fortune. Every dollar invested inside the TFSA is protected from the Canada Revenue Agency. Consequently, every dollar earned from interest, dividends, or capital gains can keep accumulating and grow over time. The TFSA is the ultimate vehicle to allow investments to compound.

Don't waste your TFSA with "high-interest savings"

Unfortunately, many Canadians just use the TFSA as a savings account. Currently, some of the "highest interest" TFSAs earn interest rates just above 1%. These accounts are earning a negative return after the cost of inflation. This could degrade your savings buying power over many years.

Great businesses build great fortunes

While stocks have some risks over cash savings, they also have significantly more upside. When you buy a stock, you buy a stake in a business. If you have the fortitude and patience to buy and hold a business for years, it is possible to build a fortune. If you are looking for some starter investments in a TFSA, here are two TSX stocks I'd consider today.

Colliers: A solid TFSA compounder

Colliers International ([TSX:CIGI](#))([NASDAQ:CIGI](#)) is a really solid stock for compounding TFSA wealth. For the past 10 years, its stock has compounded annual returns by 18.6%. Today, the company is only worth $6.8 billion. This means it is not too large to maintain robust growth. Likewise, it is at an attractive inflection point.

Colliers has traditionally been a commercial [real estate](#) brokerage business. However, over the past five years, it has transformed into a multi-service platform. It provides engineering/consulting services, property management, investment banking, financing services, and asset management. It now has

numerous diversified verticals that are each growing organically and by [acquisition](#).

If you put $10,000 into this stock and it earned its historical rate of annual return (18.6%), it would be worth over $55,000 in a decade from now. Given its strong execution, aligned management team, and levers for growth, I think this is a reasonable expectation.

Topicus.com: An up-and-coming tech stock

Another TFSA stock that could produce significant long-term wealth is **Topicus.com** ([TSXV:TOI](#)). This relatively unknown stock was spun out of the acclaimed **Constellation Software** family last year. Topicus.com is focused on consolidating vertical market software businesses in Europe. It also has its own suite of software services that are growing at a nice organic pace.

Europe is an attractive market because of its diversity. Inside individual nations, businesses require unique, niche software applications specified to their demographic and geography. As a result, there is a large, diverse market to consolidate.

If Topicus.com achieves only half of Constellation's annual rate of return (around 37%), it will be a very successful investment. However, it is smaller, and it could potentially grow faster than its larger parent company. It is not unreasonable that it could repeat or exceed Constellation's current level of returns (at least over the next three to five years).

To be conservative, let's apply a 30% annual rate of total return to Topicus.com stock. $10,000 invested today would be worth nearly $138,000 in 10 years. While this is speculating, it just demonstrates the potential power of compounded returns in a TFSA. If you pick great businesses, they can build life-changing wealth for you and your family.

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TICKERS GLOBAL

1. TSX:CIGI (Colliers International Group)
2. TSXV:TOI (Topicus.Com Inc.)

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