



## How to Turn a \$50,000 TFSA Into \$500,000 in 10 Years

### Description

Are you in the stock market to create wealth? If that is the objective, the Tax-Free Savings Account (TFSA) is apt for the investments I am about to discuss in this article. If you want to convert a \$50,000 investment into \$500,000 in 10 years, you need to build a portfolio that generates compounded annual growth rate (CAGR) of 26%.

### How to maintain strong TFSA portfolio returns

While it is easy to earn a 26% annual return in a year, it is difficult to maintain this rate. Businesses go through industrial and market cycles. For instance, internet stocks jumped to the roof during the pandemic, whereas energy and real estate stocks surged in the pandemic recovery. Energy and metal stocks are minting money in the current market cycle.

While you can't time the market, you can hop on to a growth cycle early and exit when you achieve the desired return of 30-40%. It may be a daunting task to rebalance your portfolio. But value investing strategy helps you tap the cyclical growth.

### Three value stocks for a \$500,000 TFSA portfolio

In [value investing](#), you buy companies with strong growth prospects trading at lower prices due to short-term headwinds. Here are three stocks for your TFSA that can generate a 26% CAGR in five years:

- Descartes Systems ([TSX:DSG](#))([NASDAQ:DSGX](#))
- Lightspeed Commerce ([TSX:LSPD](#))([NYSE:LSPD](#))
- Northland Power ([TSX:NPI](#))

### Descartes stock

Descartes offers supply chain management solutions for all types of businesses where logistics is a

major operation, like airlines, e-commerce, automotive, and industrial. The stock tends to do well in the May to October period, when trade is high. However, the Russia-Ukraine war has disrupted the supply chain of several industries, and high inflation has hurt consumer spending.

The economic slowdown has pulled Descartes stock down 30% wiping away a one-year rally. This is a good time to buy the stock. It might see more dips in the short term, but it will jump higher as the supply chain recovers. That recovery will offset any short-term dip, giving a 25-26% CAGR in five years.

## Lightspeed Commerce

Lightspeed Commerce became a value stock after losing 80% value from Spruce Point Capital's negative [report](#). The stock is unlikely to reach its 2021 high in the near term. Then why am I bullish on the stock? It earns when new retailers and restaurants subscribe to its omnichannel platform and transact more. With recession around the corner, e-commerce and retail are witnessing a slowdown. Even Lightspeed gave a weak growth forecast for 2022.

But value is buying a growth stock in its difficult times and not in its good times. This stock has surged 67% in less than a month after it bottomed out on May 11. Even if the stock surges to its January 1 price of \$50, it is a 46% jump. The second half is seasonally strong for e-commerce due to holiday season sales. But the 2022 holiday season might not be that cheerful for Lightspeed.

Nevertheless, Lightspeed is expanding vertically and has now opened a platform that connects retailers with suppliers. When the economy recovers, this platform could double Lightspeed's recovery (on the retail front and supplier front). So, hang on tight, as there could be spurts of growth in the next three to five years, and the stock could deliver a CAGR of 25-30%.

## Northland Power

While the above two stocks have already proven their growth and are facing short-term headwinds, Northland Power is a long-term growth stock. The environmental emergency has made CO2 emission reduction a priority, and the Russia-Ukraine war has made energy security a priority. As one of the largest solar and wind power companies in North America, NPI is the key beneficiary of the upcoming growth cycle of green energy.

Europe and the United States are looking to quadruple wind energy generation, which could drive Northland's shares and boost its dividends, thereby increasing returns at 25% CAGR in 10 years.

### CATEGORY

1. Investing
2. Stocks for Beginners

### TICKERS GLOBAL

1. NASDAQ:DSGX (Descartes Systems Group)
2. NYSE:LSPD (Lightspeed Commerce)
3. TSX:DSG (The Descartes Systems Group Inc)

4. TSX:LSPD (Lightspeed Commerce)
5. TSX:NPI (Northland Power Inc.)

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