



## Here's How to Easily Turn a \$20,000 TFSA Portfolio Into \$400,000

### Description

If you want to significantly multiply your wealth over a lifetime, you need to be maximizing your [Tax-Free Savings Account](#) (TFSA). The TFSA allows Canadian residents to contribute after-tax earnings to the account and invest without any tax requirements.

These investments can include stocks, bonds, mutual funds, indexes, and exchange-traded funds. No income reporting is required, and no tax is payable inside a TFSA.

### Accelerate your wealth growth by investing in a TFSA

One way to accelerate wealth creation is to pay no tax and keep all your returns. While this would normally be illegal, the Canada Revenue Agency created the TFSA to help Canadian build a retirement nest egg. Investing in a TFSA could potentially boost annual investment income by as much as 15-20%, simply because you don't pay tax on that income.

Keep in mind, there are some key [rules](#). You can't use it as a business, and you can't excessively trade in the account. Likewise, there are contribution limits based on your age and amount of time lived in Canada.

### Here's how you could turn \$20,000 into \$400,000 in your TFSA

For example, if you were Canadian and 18 years or older in 2009, you can contribute a grand total of \$81,500 to the TFSA today. Unfortunately, not many of us have a spare \$81,500 sitting around.

Say you had only \$20,000 to invest in your TFSA. You could still potentially multiply that capital by 10 times or more, given the right stock investments, patience, and a long investment horizon.

In fact, here is one smart TFSA stock that could have delivered life-changing returns. Here's how it turned a \$20,000 investment into over \$400,000 in only 10 years!

## Cargojet: An under-the-radar compounder

E-commerce and rapid product delivery were only speculative business concepts in 2012. Who would have thought that same-day or one-day shipping would now be a society norm? Well, **Cargojet** ([TSX:CJT](#)) did.

Over the past decade, it has grown to be Canada's largest overnight air freight delivery network. The company saw a specific need for rapid cross-country transportation, and it steadily grew to become a dominant niche air freight provider.

Over the past decade, it has expanded revenues and earnings per share by compounded annual rate of 19% and 27.4%, respectively. Today, this TFSA stock is more than 10 times more profitable than what it was in 2012! Of course, this translated into impressive share price performance. Its stock is up 2,000% in that time frame. \$20,000 invested in Cargojet 10 year ago would be worth over \$400,000 today!

As with many pandemic beneficiaries, its stock has pulled back quite significantly. Today, it only trades with an enterprise value-to-EBITDA ratio of eight times. That is the lowest valuation it has seen in five years.

Today, this TFSA stock has a great balance sheet and ample liquidity to help pay for its international expansion plans. This could eventually create significant growth opportunities going forward. While it might be difficult to replicate the same 35% compounded annual returns of the past, even half that rate would still be attractive.

## The Foolish bottom line

The point here is to find stocks in quality businesses with large opportunities ahead. Find businesses that are transforming a niche or have great innovative products or services. Also, look for companies with strong balance sheets, inspirational leaders, and consistently growing earnings.

Buy these stocks in your TFSA and literally do nothing. Give these businesses time and patience. The best companies can generate and compound life-changing wealth for you.

### CATEGORY

1. Investing
2. Stocks for Beginners

### TICKERS GLOBAL

1. TSX:CJT (Cargojet Inc.)

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