



How to Be a Millionaire With \$50 a Day

Description

Who doesn't want to be a millionaire? But the question is, how? What if I said all you need is \$50 to be a millionaire and the power of compounding? Many people despise [stock market investing](#) and consider it to be a gamble. This is because they enter a bullish market and invest thousands of dollars on trending stocks at their 52-week highs. That is not the way to become a millionaire.

Being a millionaire requires discipline

Disciplined investing goes a long way to making you a millionaire. If you invest \$50 a day for the next 20 years in a portfolio that generates average annual return of 10%, you will be a millionaire after 20 years. In 20 years, your total investment amount will be \$364,000. Simple interest will only double your money, but compounding interest would add another \$366,825 to your portfolio, enabling you to become a millionaire. If you build this portfolio in your Tax-Free Savings Account ([TFSA](#)), you can withdraw \$1 million from your portfolio tax free.

Regular investing in stocks relieves you of the stress to time the market. You buy in bull and bear markets and reduce your average cost throughout market volatility. The trick is to keep building your portfolio across growth and dividend stocks with a pinch of defensive stocks.

A millionaire has diverse income streams

Regular investing is one part of the millionaire's job. The next part is to use that money to build a diversified portfolio. Not every year will generate handsome returns. Your overall portfolio might also come in red, as **Berkshire Hathaway's** did during the pandemic dip, as the market crashed by 30%.

If you have invested in fundamentally strong companies, you need not worry. You can channel your funds towards some growth stocks and market ETFs that have dipped to a record low. These ETFs will compensate for the dip with an equally strong recovery and might also give greater-than-average returns in the following years.

You can lock in dividend yields, capital appreciation from growth stocks, distribution yields from REITs, and a small amount in Bitcoin and gold for contingencies.

Three stocks to buy in July in the run-up to being a millionaire

I would invest my money in the below two stocks, as they can give 10% average returns in the next 10 years.

Descartes Systems stock

Trade is a function that never goes out of business. **Descartes Systems** ([TSX:DSG](#))([NASDAQ:DSGX](#)) has been my recommended stock since the pandemic because of its business model. The company provides digital transformation solutions for supply chain management and logistics operations.

Geopolitical tensions have disrupted the global supply chain, but digitization made it comparatively easier to build new supply chains.

The waiting time at ports has reduced, documentation has become electronic, and real-time cargo tracking has made logistics efficient. Descartes is strengthening its e-commerce solutions by [acquiring](#) XPS technologies.

Descartes shares dipped 30% to the June 2021 level in the tech stock selloff. But the stock could see a seasonal surge in the second half of 2022 around August as e-commerce volumes surge. The stock is in a long-term growth trend and delivered a 30% average annual growth rate in the last five years. It can maintain this growth, as the United States builds a new supply chain.

The technology ETF

Another area where you could invest throughout the downturn is **iShares S&P/TSX Capped Information Technology Index ETF** ([TSX:XIT](#)). It has been falling since the tech stock selloff. But it has all good growth stocks in its portfolio, including **Shopify** and Descartes. The tech segment will drive future growth and also the XIT ETF returns. Despite falling 43% in the selloff, the ETF's five-year average return is 16.6%.

Regular investing in the above two instruments for 2022 could help you secure over 15% of average annual returns.

CATEGORY

1. Investing
2. Stocks for Beginners

TICKERS GLOBAL

1. NASDAQ:DSGX (Descartes Systems Group)
2. TSX:DSG (The Descartes Systems Group Inc)

3. TSX:XIT (iShares S&P/TSX Capped Information Technology Index ETF)

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