



1 TSX Stock to Grow Your TFSA Over the Next Decade

Description

TFSA ([Tax-Free Savings Account](#)) investors should focus on growing their portfolios, not over the next 10 months, but over the next 10 years. Investing enriches many who stick out the long-term game. While quick riches are possible by playing the short-term game (think swing trading), the stakes are higher. And for beginners, the risk/reward ratio is not great. The smartest investors of our time care less about the day-to-day or week-to-week and more about a very lengthy horizon (think 5-10 years).

When you spot undervalued securities that trade at discounts to their true worth (intrinsic value), it can take a while for Mr. Market to recognize his mispricing and “correct” it with a rally to the upside. Now, corrections in the context of stock markets typically mean a drop of 10% or more. I think corrections should be seen as fixing a mistake made by Mr. Market. And such mistakes also include underpricing.

Underpriced (or undervalued) stocks deserve a correction to the upside. Typically such “mistakes” are corrected by Mr. Market after a better-than-expected earnings result. When Wall Street analysts covering a stock miss the mark entirely (to the downside), such corrections can be fierce. But only the more resilient of long-term investors are usually patient enough to be on the receiving end of such a rally.

Patience is key when it comes to investing for the long-term. With your TFSA, you should invest in your favourite picks for the next 10 years and beyond. Consider shares of **TFI International** ([TSX:TFII](#))([NYSE:TFII](#)), one wide-moat stock that will likely sport a much higher share price in 10 years.

TFI International

TFI is an outstanding dividend-growth stock that’s flown under the radar of many TFSA investors over the past few years. The trucking firm, which specializes in moving less-than-load (LTL) shipments from point A to point B, runs a tight ship, thanks in part to operational improvements put in place back in late 2018.

TFI enjoys best-in-class operational performance, due in part to incredibly effective managers. TFI boasts a 36.5% ROE (return on equity) and a stellar 17.8% ROIC (return on invested capital), above

the transportation industry averages of 19.6% and 9.5%, respectively.

These impressive numbers were years in the making. The company learned from past operational hiccups and is now well-equipped to tackle a period of economic contraction. Sure, TFI may be sensitive to the ups and downs of the economy, but at current [valuations](#), I'd argue that a mild recession is already factored in. If no recession happens, TFI could have considerable upside.

The stock trades at one times sales, 3.6 times book value, and just 11.5 times trailing earnings, making it one of the better deals in the transportation industry today.

The bottom line

When it comes to your TFSA, focus on industry performers with wide moats. In my opinion, it's tough to top TFI, especially at these depressed valuations.

CATEGORY

1. Investing

TICKERS GLOBAL

1. NYSE:TFII (TFI International)
2. TSX:TFII (TFI International)

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Quote Media
6. Sharewise
7. Smart News
8. Yahoo CA

PP NOTIFY USER

1. agraff
2. joefrenette

Category

1. Investing

Date

2025/06/29

Date Created

2022/07/26

Author

joefrenette

default watermark

default watermark