



1 Cheap Stock to Turn a \$20,000 TFSA Into \$267,000

Description

The Tax-Free Savings Account (TFSA) is an excellent way to put money aside, but it's also a great way to invest. This is nothing new, and something you've already come to learn while reading Motley Fool articles. But what's perhaps *not* as clear are what type of stocks you should invest in. Sure, a cheap stock is great, but what can make you the most money?

Today, I'm going to take a look at a cheap stock that's not just undervalued but *safe*. This is the surest way to succeed at turning any TFSA into millions.

What to look for

I've written on what makes a stock cheap, and it's not just about its share price. Instead, you need to look at the company as a whole — all of its parts, including its future.

If you really want to tick all the boxes, these are the ones you should look for. Is the company a blue-chip stock, meaning it's been around for decades and is pretty much a household name? Does it offer a price-to-earnings (P/E) ratio under 15? It should also ideally trade below its 52-week moving average, have a total debt-to-equity (D/E) ratio under 100, and if you *really* want a cheap stock, include a Relative Strength Index (RSI) under 30.

Now, the one I'm recommending may not tick everything here. However, it does tick most. And what's more, this blue-chip stock is a cheap stock offering a solid dividend yield.

The cheap stock

Today, I would recommend **BCE** ([TSX:BCE](#))([NYSE:BCE](#)) as a cheap stock that investors should consider. BCE stock has been around for decades and is a Dividend Aristocrat to boot, increasing its dividend each year for over 25 years.

What's more, BCE stock ticks or comes close to all the boxes. It trades at \$61, well below its 200-day

moving average of \$66. Yet it's only down 2% year-to-date, which is market-beating performance. It has an RSI of 40, and a D/E of 127, which are higher than I'd like but not expensive. Plus, it trades at 19.66 times earnings, which is a fair price at these levels.

Finally, it offers investors a dividend yield of 5.96% as of writing. That [dividend](#) has grown by a compound annual growth rate (CAGR) of 5.41% over the past decade.

Tune up your \$20K

Now, if you're an investor with \$20,000 to invest in your TFSA today, then this cheap stock is a solid option. BCE stock has plenty of history behind it to show it's a cheap stock that has a healthy future ahead of it. And that future comes from taking on the market share of the telecommunications industry, as it continues to roll out its fibre-to-the-home network and [5G](#).

Based on its historical performance, we can see that BCE stock has grown 481% in the last two decades for a 9.19% CAGR. Now, let's say you took the cheap stock and invested \$20,000 into it. You then took your dividends and reinvested them over and over again for another 20 years.

By that time, your initial investment would have blossomed into \$266,937 at today's levels.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:BCE (BCE Inc.)
2. TSX:BCE (BCE Inc.)

PARTNER-FEEDS

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

PP NOTIFY USER

1. alegatewolf
2. kduncombe

Category

1. Dividend Stocks
2. Investing

Date

2025/08/19

Date Created

2022/09/25

Author

alegatewolfe

default watermark

default watermark