



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

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2. TSX:BCE (BCE Inc.)

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