



TFSA: Invest \$400 in These 2 Stocks for a Legit Shot at \$1 Million

Description

To create a million-dollar tax-free savings account ([TFSA](#)) portfolio, you need to work out the math. As the saying goes, time is money. The more time you spend in the stock market, the less money you need to invest to reach the \$1 million goal. If you invest \$400 monthly for the next 20 years and get an average return of 20%, you can have \$1 million in the 21st year.

A small investment of \$400 can bring big returns of \$1 million

The small investment strategy has its pros and cons.

Pros – It doesn't burn a hole in your pocket. You need not time the market and stress about over-investing in a bull and under-investing in a bear market.

Cons – You have to be patient, and there is a possibility that your average return may not come out to be 20%. Some years might be bullish, and some might be bearish.

A single stock cannot give you a 20% average return for 20 years. There is a point when the company reaches the maturity stage and the stock returns slow. Thus, you need to book profits in mature stocks and invest in future growth stocks. Here are two growth stocks that have the potential to give you a 20% average annual return in the next five years.

AMD stock

Advanced Micro Devices ([NASDAQ:AMD](#)) stock jumped 23% in November after the company [released](#) its next-generation gaming graphics processing unit (GPU) built on the RDNA 3 Architecture. AMD stock took a hit between August and October due to weak PC shipments, GPU dumping in the secondhand market, and the chip supply shortage. AMD is in a long-term growth trend of adaptive computing, gaming, and artificial intelligence. The company's growth edge is its technological advancement in [semiconductors](#). The day AMD falls behind in the technology race is when you cash out your profits.

AMD stock can easily double your money in the next three years as its Xilinx acquisition opens up a US\$50 billion addressable market for high-performance computing. You can invest \$150 monthly in this stock for the next 12 months and take advantage of its bearishness before it recovers completely. Keep checking for AMD updates to know whether to continue buying the stock or hold the stock you have. You can book profits on 20-30% of your holdings when the stock crosses US\$150.

Magna stock

Magna International ([TSX:MG](#)) is another stock ready to grow in the next five to seven years as it rides the electric vehicles (EV) rally. The company supplies auto components like power terrain, body exterior, vision, and car production services. Magna's growth depends on the automotive demand and its ability to run its factories at capacity. It has contractual agreements with 24 of the top 25 EV makers and other automakers. Magna keeps enhancing its ability to manufacture the most advanced cars. It is developing its capability to manufacture autonomous vehicles (AV), the next big trend after EVs.

Magna's business involves capital expenditure, and its profits depend on higher revenue growth. The stock plunged as chip supply shortage, and rising commodity prices strained EV supplies. The company even lowered its 2022 guidance. As the supply issues ease, Magna will see a comeback. It has been securing design wins and is ready to fire all cylinders. The energy crisis and recession might delay Magna's growth. The company has sufficient cash reserve to wait patiently throughout the delay and fund its business operations.

Magna stock jumped 25% since October as the chip supply shortage eased. The stock will grow after overcoming every challenge. You can invest \$100-\$160 monthly in Magna for the next 12 months and book your chance to double your money in five years. You can book profit on 20% of your Magna holdings when the stock crosses \$120.

P.S. investors

A \$200 regular monthly investment in the above two growth stocks for 12 months can help you in your \$1 million TFSA journey. Remember why you bought the stock. When the reason for the purchase fades, it is time to sell that stock and look for growth elsewhere.

CATEGORY

1. Investing
2. Stocks for Beginners

POST TAG

1. Editor's Choice

TICKERS GLOBAL

1. NASDAQ:AMD (Advanced Micro Devices)
2. NYSE:MGA (Magna International Inc.)
3. TSX:MG (Magna International Inc.)

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1. Business Insider
2. Flipboard
3. Koyfin
4. Msn
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Date

2025/08/12

Date Created

2022/11/21

Author

pujatayal

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