

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

### Description

Time and consistency pay off in [stock market investment](#). You may recollect *Aesop's fable: The Tortoise and the Hare*, in which the tortoise won the race from the hare by staying consistent. You can make \$1 million using the tortoise technique.

### How to convert \$800 to \$1 million in your TFSA?

One strategy is to invest \$800/month for the next 20 years in a portfolio with a 15% average annual return and grow your investment by 5% annually. Your first-year Tax-Free Savings Account (TFSA) contribution would be \$9,600 (\$800 x 12), and the second year would be \$10,560. In 20 years, your total investment would be \$317,500. In 21 years, your TFSA portfolio would reach \$1.13 million at a 15% compounded annual growth rate (CAGR).

When you spread your investment throughout the year, you have room to grab attractive buying opportunities, like now.

### Two stocks to begin your journey to \$1 million

The TSX Composite Index dipped 2.5% in early December as the Bank of Canada [hiked](#) interest rates by 50 basis points. You have an opportune time to invest \$200 a month in two large-cap growth stocks, **Descartes Systems** and **Magna International** throughout 2023. And another \$200 per month in the below two stocks. These stocks give you a legit shot at earning a 15% average return in the next two to three years.

### Blackberry stock

**BlackBerry** ([TSX:BB](#)) stock fell 14% to \$6.02 after the interest rate hike. This [technology stock](#) is sensitive to interest rate hikes as investors tend to move their money to the low-risk bond market instead of high-risk equity.

BlackBerry is a growth stock trading at a bargain price due to short-term headwinds like chip shortages and lockdowns in China. Blackberry gets a royalty when cars equipped with its QNX operating system are shipped. But supply chain woes have blocked this royalty revenue until automotive sales revive. In the meantime, BlackBerry has been actively securing design wins from major automakers and earning steady cash flow from its cybersecurity business.

Hedge fund managers like Prem Watsa and Mark Cuban are holding the stock as they wait for the automotive growth to unlock. In a normal business environment, BlackBerry stock trades in the \$8–\$10 range, representing a 33%-66% growth potential. I expect the stock to reach a normal trading price by 2024 when automotive sales bounce back.

As BlackBerry is a mid-cap stock, I suggest investing a small portion (5–10%). If you invest \$200/month in this stock throughout its bear stint, you can potentially reduce your average cost to \$5.5–\$6 per share and enhance your upside. While this is a stock to hold for the long term, you may choose to sell some of your Blackberry holdings when the share price crosses \$9.

You can revisit the stock after a year and see if the company is on track to [achieve](#) breakeven in fiscal 2024 and grow its revenue at a 13% CAGR. At that time, you can plan on buying more of the stock or holding onto the shares you already purchased.

## True North Commercial REIT

You can invest \$200 monthly in the income-paying stock, **True North Commercial REIT** ([TSX:TNT.UN](#)). It is a good long-term investment, and any capital growth would be a bonus.

True North Commercial REIT's stock price fell more than 4%, inflating its distribution yield to 10.28%. A higher interest rate increases the REIT's interest expense and slows property sales. However, it does not impact the REIT's rental income, 80% of which comes from government and credit-related tenants.

There are concerns that management might slash distributions in a recession. But if the REIT maintains distributions at \$0.594 a year, you can lock in a 10% annual return and compound your returns through a dividend reinvestment plan (DRIP).

## The right way to invest in stocks through a TFSA

When you know your stock well, you can set a realistic target price and plan your investments accordingly. One stock may or may not give 15% annual returns for 15 years as the growth rate will diminish over time. Thus, revisit your portfolio regularly, identify [value stocks](#), and book profits when the price reaches the desired outcome.

There may be years of decline and years of hyper-growth. Regular profit booking from a diversified portfolio can help you average out returns to 15% in the long term.

### CATEGORY

1. Investing
2. Stocks for Beginners

### TICKERS GLOBAL

1. NYSE:BB (BlackBerry)
2. TSX:BB (BlackBerry)
3. TSX:TNT.UN (True North Commercial Real Estate Investment Trust)

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