

This Toronto massage therapist has grown his TFSA to \$1.8-million – and is now betting much of it on a single stock

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PUBLISHED JUNE 21, 2024

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This is TFSA trouncers, a new series that profiles Canadian investors who've accomplished incredible feats with their tax-free savings accounts. If you have grown your TFSA to half a million dollars or more, drop us an e-mail at dakeith@globeandmail.com, or fill out [this form](#). You may choose to be anonymous, but we do require an e-mail address and we may request screengrabs of your portfolio for fact-checking purposes.

Jacob is a 50-year-old specialized massage therapist in Toronto who started his investment journey as the tax-free savings account came on the scene in 2009.

By day, he helps those in physical pain, a calling that came from his experience as a child with a chronic spinal disorder. By night, the father of three young children is an avid market follower who has accumulated astounding investment returns by taking extreme risks, including borrowing against his home.

At the start of this month, his TFSA totalled \$1.8-million. (A Canadian opening up a new TFSA today would have a maximum of \$95,000 to start investing with.) The \$216,000 of deposits he has made into his registered retirement savings plan over the years has grown to \$6.4-million, and he has investments in registered education savings plan and non-registered accounts as well.

Jacob's early investor days involved trying to emulate the great value investors of history, such as Warren Buffett and Benjamin Graham. In recent years, he has adopted what he calls "event investing" – looking for news that could be a catalyst

for a company or sector to grow or attract investor interest. He maintains a concentrated portfolio in just a few stocks and usually decides to enter or exit a stock position in one fell swoop. Currently, about 90 per cent of his portfolio is in one stock, with two others making up the rest.

Jacob's style of growth investing means he's taking a chance on losing huge sums of money, potentially in the blink of an eye. Many Canadians have no doubt lost fortunes by placing bets in a market that has become inundated with meme stock trades and other speculative bets.

And then there are those who have been extremely lucky, amassing millions by being on the winning side of a trade often enough.

Jacob has been one. His story illustrates just how big TFSA accounts can grow beyond the Canadian average last year of \$41,510, and – unlike RRSPs – never be subject to taxation. It also reveals something deeper: a glance into the motivations behind a high roller of the amateur investor world.

Early in his investment journey, Jacob made some stock picks that worked out well, including Russel Metals and diamond miner Harry Winston. He considered himself a student of long-term value investing, reading many books on the subject and taking courses at the Canadian Securities Institute.

His returns really started to snowball when he invested heavily in Canopy Growth Corp. WEED-T (/investing/markets/stocks/WEED-T/) +1.00% ▲ prior to legalization in 2018. The company was already generating revenue from its medical marijuana business at the time of his 2016 investment.

Jacob sold his shares in Canopy in August, 2018 for a very large gain, though he repurchased shares in October, 2018 and held them past the stock's peak in 2019. That resulted in hundreds of thousands of dollars in losses and offset some of his gains as the recreational cannabis sector failed to live up to the hype.

Some of his next trades didn't work out well, including investing in bonds just prior to inflation skyrocketing in 2021, which sent bond prices spiralling downward as central bankers raised interest rates. "I've made some bad calls over

the years,” he says.

He took another significant loss with two other cannabis companies. He borrowed \$300,000 from a home-equity line of credit, and used it to buy CannTrust and Organigram. Both companies’ share prices later disintegrated and CannTrust filed for bankruptcy protection. He suffered a loss of about \$600,000, including the money that he had borrowed.

The next investment he made was in energy. He bought Suncor Energy Inc. [SU-T \(/investing/markets/stocks/SU-T/\)](/investing/markets/stocks/SU-T/) -1.10% ▼ , Cenovus Energy Inc. [CVE-T \(/investing/markets/stocks/CVE-T/\)](/investing/markets/stocks/CVE-T/) -2.23% ▼ and Canadian Oil Sands Ltd. in March, 2022, hoping the oil industry would do well coming out of COVID, and sold them in October, 2023. “I did okay with that. But not great,” he recalls.

He sold his energy stocks upon deciding to invest in MicroStrategy Inc. [MSTR-Q \(/investing/markets/stocks/MSTR-Q/\)](/investing/markets/stocks/MSTR-Q/) -0.11% ▼ . That one stock now accounts for about 90 per cent of the holdings in his TFSA and RRSP. The balance in his portfolios is largely invested in Tesla Inc. and Nvidia Corp.

Nasdaq-listed MicroStrategy is one of the largest corporate buyers of bitcoin in the world, with a stash of around US\$15-billion in the cryptocurrency. It was founded by crypto billionaire Michael Saylor in 1989 as a software services firm. Its shares have nearly tripled this past year alone.

A client of Jacob’s suggested he watch a video explaining what bitcoin was and its potential. Through further research, he found an interview that featured MicroStrategy and its CEO, Mr. Saylor.

“For me, he made a really good case for why bitcoin is here to stay and why bitcoin should be used as a treasury asset by companies and governments as an inflation hedge,” Jacob says.

He initially bought it at US\$350 a share last October, and added to his position in it at the start of this year. The stock on Friday was trading just below US\$1,500.

MicroStrategy is essentially a bitcoin-proxy stock, and its daily moves tend to be

even more volatile than the price of bitcoin itself. While that amplifies the risks of what is already a highly speculative investment, Jacob is confident bitcoin is in a cycle that will soon see its price pierce US\$100,000.

He doesn't have a particular exit price on MicroStrategy: "I will sell MicroStrategy when I think bitcoin has reached its full potential."

Many would find it difficult to sleep at night given these kinds of risks. Not Jacob. "I certainly have a temperament for managing risk with control, I guess stoicism maybe. A lot of it has to do with doing a lot of research and a lot of thinking, so that when I do pull the trigger, I am not second-guessing myself."

That said, Jacob says he doesn't have the temperament for day trading and doesn't do so in his TFSA – such activity could be considered a business and would make him a target of the Canada Revenue Agency. "I'm an amateur and I'm a long-term investor."

Jacob doesn't plan on retiring for at least another five years. He wants to one day transition to more conservative dividend investing. For now, however, he intends to "ride out this bitcoin wave" for the next two or three years.

He feels taking on risky growth assets is the only way to provide generously for his kids in the future. That perception may have a lot to do with Jacob's family background, one that he acknowledges was privileged. His day job won't produce the kind of wealth he was accustomed to growing up.

"I love my work and I knew that if I kept on with my trajectory, I would be a lower-middle-class guy who would have a happy life. But I wanted more," he says.

His parents helped pay for his home, so he was able to borrow funds for his investments by using a home equity line of credit. Close family members were shocked when they learned that he had borrowed hundreds of thousands of dollars and invested in the stock market.

"They saw me taking enormous risks and were worried that I would lose the borrowed money, lose my house and be left with no savings and no home."

Financial advisers he met with expressed similar alarm. “Instead of exploring my investing ideas with me they just said: ‘Stock-picking should only be done by financial professionals. It’s too risky for you.’

“Ninety-nine per cent of the feedback I received from friends and family was that I shouldn’t choose my own stocks – and I did it anyway.”

What an expert says

We asked Darren Coleman, CFP, PFP, FCSI, a senior portfolio manager with Portage Wealth of Raymond James, for his thoughts on Jacob’s TFSA investment strategy:

“I’m glad he’s taken time to educate himself on the benefits of long-term value investing. So, he’s in a good position to recognize the remarkable returns he’s had doing the very antithesis of that. Indeed, successful investing is about being mostly right versus really wrong. It’s also true that we need to be careful about falling into the trap of confusing luck with skill.

“He’s had the benefit of selling Canopy Growth before it fell dramatically. He may want to consider that lesson with regards to his present portfolio, which is 90 per cent in one security. I think reviewing the math of MicroStrategy’s growth is telling: from Feb. 1 to March 27 of 2024, the stock went from US\$503 to US\$1,919. In just 55 days or 38 trading days. That’s a gross return of over 280 per cent. And if we annualized that return, we see it would be 752,758 per cent. I think we can agree that’s a remarkable return. Much akin to a lottery ticket. Indeed, that’s how I’d encourage Jacob – or anyone who had a large windfall – to consider this situation.

“As a student of the markets, I’m sure Jacob would agree that having a successful exit strategy is just as important as buying the right stock. The fact he doesn’t have one is concerning. Faith is not a strategy. A disciplined exit now should be his primary effort. In my view, he should be looking to consolidate much of his gains now to secure his children’s future education by maximizing their RESP and a comfortable retirement for himself and his partner. Moving most of his MicroStrategy to prudently diversify may be more boring – but it will be the smart

move long term.

“He should also be using his good fortune to eliminate all of his debt, specifically the mortgage on his home.”

Some details may be changed to protect the privacy of the person profiled.

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