Spin Some Growth Into Your TFSA Freedom Fund With This 1 Stock

Description

If you're a relatively young investor who's looking to amass a $1 million TFSA one day, you should strongly consider owning quality long-term growth stocks at the core of your TFSA portfolio to get the most out of tax-free compounding.

Higher growth usually comes with a greater degree of risk, but if you're a committed long-term investor with a time horizon beyond six years, then in retirement terms, you'd actually be taking on more risk by holding sub-par stalwarts at the core of your TFSA versus an explosive growth stock that has the potential to swell your TFSA by a much larger amount over the long haul.

Spin Master Corp. (TSX:TOY) is one such stock that I believe is a must-own for younger growth-oriented investors. The company has been subtly disrupting the toy industry over the years with its rapidly growing portfolio of toy and game brands that cater to kids of all ages.

The growth story is twofold. Spin Master has an incredible organic growth engine and a growth-by-acquisition strategy, which aims to consolidate the fragmented toy industry, producing ample long-term value for shareholders in the process.

Spin Master's organic R&D is what's responsible for the award-winning blockbuster toy "Hatchimals," which surprised to the upside by a profound amount that not even the most bullish of analysts could forecast. The company's organic growth profile is ridiculously strong with a pipeline that could be full of hits; however, like the biotech industry, it's notoriously difficult to predict whether a new product will be a hit or a miss before it actually hits the market.

In addition to a promising organic growth profile, Spin Master is always on the hunt for the next acquisition to consolidate a fragmented industry, while unlocking ample long-term value for shareholders. Whether it's through the acquisition of a start-up's intriguing new concept, or a plushie firm that's been in business for over a century, Spin Master has the financial flexibility to take advantage of opportunities should they arise. Add the fact that Spin Master has a strong global distribution foundation in place, and you've got a high-margin business that's able to scale up at a ridiculously fast rate.

Last week, BMO Capital cut shares of Spin Master to "market perform" following the release of the company's Q4 2017 numbers. In response, shares plunged nearly 4% in a single trading session — a rash move that I believe is completely unwarranted, especially when you consider the fact that earnings were rock solid and that this year's guidance is still very much intact.

The buy-the-dip strategy is one that has worked out quite well with Spin Master stock since it first went public. Going forward, that same strategy, I believe, will continue to offer growth investors attractive entry points for both the short and long term.

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