The Top 3 Growth Stocks to Buy for Your RRSP

Description

Within your RRSP portfolio, there should be income-producing, or dividend, stocks as well as growth stocks in order to maximize returns while also remaining well diversified.

The allocation between the two types of stocks will depend on different factors, including your age and risk tolerance.

Here are the top three growth stocks to buy for your RRSP. They are attractive for their defensive qualities, their strong histories of value creation, and their strong growth prospects.

CCL Industries (TSX:CCL.B)

Strong cash flow generation, a history of shareholder value creation, a strong diversified global business with a leadership position in the labels, and a solid balance sheet that supports future acquisitions and/or organic growth all make CCL a great growth stock.

The company has grown from revenue of $1.2 billion in 2009 to revenue of $4.8 billion in 2016 for a compound annual growth rate of 18.9%.

And the corresponding increase in free cash flow has been even more impressive. In 2009, the company generated $52.3 million in free cash flow, and in 2016, it generated $425 million for a compound annual growth rate of 30%.

Most recent results, second-quarter 2018 results, show that the business is still going strong.

CCL exceeded expectations, reporting adjusted EPS of $1.66, and it raised its guidance as a result of this.

CGI Group (TSX:GIB.A)(NYSE:GIB)

With $10.8 billion in revenue, CGI is Canada's largest Information Technology (IT) services firm. The company has and will continue to grow by consolidating the industry and by growing organically, as the IT services industry is a growth industry.

And as a result, the stock has consistently and steadily risen in the last five years, and shareholders have enjoyed a 132% return in that period.

So, if you'd invested $10,000 in tech stock CGI five years ago, your money would be worth $23,200 today.

Most recent results, the third quarter of 2018, showed a 4% revenue growth rate, increasing margins, and a 9% increase in operating cash flow. And bookings remained very strong — an indication of a strong future.

At this point in time, CGI still has a big opportunity to continue along its growth trajectory, with a focus on higher-margin business further increasing the company's margins over time.

Waste Connections (TSX:WCN)(NYSE:WCN)

Waste Connections is the third-largest solid waste company in North America, and with size and a clean balance sheet on its side, the company is well positioned to continue to return cash to shareholders and pursue its goal of continuing to consolidate its fragmented industry through acquisitions.

With a strong balance sheet and a history of strong cash flow generation and of raising its dividend, the future is promising.

Most recent results, the second quarter of 2018, continued to show strong earnings growth (18.4%) and free cash flow growth (61.6%).

CATEGORY

1. Investing
2. Tech Stocks

TICKERS GLOBAL

1. NYSE:GIB (CGI Group Inc.)
2. NYSE:WCN (Waste Connections)
3. TSX:CCL.B (CCL Industries)
4. TSX:GIB.A (CGI)
5. TSX:WCN (Waste Connections)

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