



## Use This Top Growth Stock to Turn Your \$6,000 TFSA Contribution Into \$100,000

### Description

Tax-Free Savings Accounts (TFSAs) are growing in popularity, as Canadians become increasingly aware of their tax-sheltered status, which can accelerate the pace at which wealth is created and investment goals are achieved. One of the easiest ways to take full advantage of a TFSA and the fact that all capital gains and dividends are tax-free for the life of the investment is to hold quality dividend-paying stocks with solid growth prospects. By doing this, you can avoid a [serious error](#) that nearly half of all account holders are making with their TFSAs — that is, using them to hold cash and GICs.

A quality buy-and-hold stock with strong growth prospects is **Parkland Fuel** ([TSX:PKI](#)), which has gained a notable 33% since the start of 2019 and is primed to rally further going into 2020. Through a series of accretive and transformative acquisitions, Parkland has become the largest independent fuel distributor in Canada and the Caribbean.

### Strong earnings growth

The company's earnings have grown at a solid clip. For the third quarter 2019, adjusted gross profit shot up by a notable 46% year over year, adjusted EBITDA went up by a whopping 51%, and distributable cash flow was up by just over 3%. As we enter 2020, Parkland's earnings will keep growing at a steady clip. It expects to unlock up to \$180 million in synergies from earlier transactions by the end of 2020, thereby boosting EBITDA.

Parkland has agreed to acquire Montana-based fuels and lubricants distributor **Mort Distributing**. The deal, on completion, which is expected by the end of 2020, will boost Parkland's U.S. presence, positioning it to benefit from a stronger U.S. economy and more positive outlook because of October's interest rate cut.

While Parkland is a [growth stock](#), it possesses some credible defensive characteristics, including a wide economic moat, which helps to protect its earnings. The relatively inelastic demand for fuels and other petroleum-based products, including lubricants, also helps to make it resistant to economic downturns and market corrections.

While shareholders wait for the company's market value to appreciate, they will be rewarded by its regular, sustainable dividend, yielding 2.5%. The company offers a dividend-reinvestment plan (DRIP), which not only allows shareholders to use Parkland's dividend payments to acquire additional shares at no extra cost, but they receive a 5% discount on all stock issued through the facility. This creates a considerable incentive to use the DRIP to unlock the power of compounding and build wealth sooner.

It is these factors, combined with Parkland's extremely low volatility, as evident from its beat of 0.47, that make it the ideal buy and hold stock for TFSAs. This becomes evident when it is considered that Parkland has delivered an outstanding annualized return of 21% over the last 10 years had dividends been reinvested compared to 17% if they were taken as cash.

## Foolish takeaway

While past returns are no guarantee of future performance, Parkland's strong growth prospects and sustainable dividend make it likely that it will continue to deliver a similar performance over the long term. If you invested your \$6,000 2019 TFSA contribution in Parkland stock, added \$6,000 annually, and reinvested the dividends through the company's DRIP, you could accumulate \$100,000 in fewer than seven years. That highlights how buying a quality growth stock, utilizing the power of compounding, and holding it in a tax-sheltered TFSA can accelerate the speed at which wealth is created.

### CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing

### TICKERS GLOBAL

1. TSX:PKI (Parkland Fuel Corporation)

### PARTNER-FEEDS

1. Business Insider
2. Msn
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