



## Growth Investors: 3 Gems for Your TFSA!

### Description

How should you utilize a Tax-Free Savings Account (TFSA) versus a Registered Retirement Savings Account (RRSP)? In general, I put higher-growth companies with greater capital appreciation potential in my TFSA. I focus on dividend-paying companies and yield in my retirement accounts. By being able to utilize capital gains from growth investments tax-free at any time, one can get ahead. Here are three great growth options to put away in your TFSA for a rainy day.

### CGI

An indirect play on the IT/technology sector, **CGI** is one of my favourite growth plays on the TSX. In fact, it has been over the [past couple of years](#). CGI generates approximately 50% of its business from IT outsourcing for large Canadian and American clients. The remainder of the company's business comes from consulting related to various domestic North American IT rollouts. With broad growth in the digitization of business and a broad push for productivity as a key profitability driver, CGI has seen impressive growth in recent years. CGI isn't cheap at 19 times earnings. But it isn't expensive either, considering the growth potential of this company.

### Open Text

Another Canadian technology play, **Open Text** is a high-growth software business which has grown at a compounded annual growth rate (CAGR) of 30% over the past eight years. This company recently closed a key acquisition of a cloud-based backup company with a Software as a service subscription business model. This move should be accretive and help Open Text meet investor growth expectations over the long haul.

Open Text has an aggressive valuation. But the company has a number of bullets left to pull off more acquisitions. For example, the company was able to raise debt at 4% recently.

## Fortis

**Fortis** is not a traditional high-growth company like CGI or Open Text. Fortis is more of a slow-and-steady growth play for long-term investors. Fortis is a company I would put in both my TFSA and RRSP, as this utilities play has raised its dividend consistently for nearly five decades. In addition, it has handsomely grown from a capital appreciation standpoint. For investors looking for a company that can provide an extremely consistent average dividend yield around 4% a year and capital appreciation around 4% a year, Fortis is your company.

Stay Foolish, my friends.

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chrismacdonald

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