Investing $5,000 in These 2 High-Growth Stocks Could Make You Rich!

Description

When you are building your investment portfolio, it's better that you have some things straightened out. What are your investment goals? What's your risk tolerance? Do you know a sector well enough to pick up businesses only from it, or are you planning to diversify? Are you a value investor that only buys stocks when they are sufficiently undervalued, or you are more interested in the business regardless of the valuation?

Answers to these questions can refine your investment strategies and choices. When you understand your motivation to buy and what you want to add to your portfolio, it will be easy for you to make the right choice. One of the things that every portfolio should have is growth. Let's see what the right growth stock can do for you with just $5,000 invested.

A consulting firm

Calian Group (TSX:CGY) is a consulting firm that works with a lot of different organizations and industries and helps them find solutions. The four core sectors that the company operates in are advanced technologies, healthcare, learning, and IT. Some of the company's prominent customers include Canadian Space Agency, Department of National Defence, Correctional Service Canada, the province of New Brunswick, and Ericsson.

The company has a strong balance sheet, a sizeable cash pile, and minimal debt. The current market capitalization of the company is about $561 million, and the company grew its revenue by 21.8% on a year-to-year basis. Trailing price to earnings is at 21.1, and the price-to-book is just three times. The company also offers quarterly dividends at a modest yield of 1.95%.

The best part about Calian is its growth potential. In the last five years, the market value of the company grew by 280%, resulting in an enviable CAGR of 30.6%. At this rate, your $5,000 investment can grow to over half-a-million dollars ($610,000), in just 18 years.

A packaging company

Richards Packaging Income Fund (TSX:RPI.UN) is a monthly dividend payer with a minimalist yield of 2.09%. The company is primarily in the packaging business, and they have been at it for over a century. The packaging products are diversified into three different industries: cosmetics, healthcare, and food & beverages. The company has locations all across Canada and the U.S.

RPI offers an impressive return on equity of 25.7%. The balance sheet of the company is solid, and for a decent growth stock, it's not very overpriced. RPI's stock has been a consistent grower for about a decade. The company grew its market value by 382% in the past five years, resulting in a dominant CAGR of 37%. That is enough growth to boost your $5,000 investment to $562,000 in just 15 years.

Foolish takeaway

$5,000 is not a very hefty amount. It's even lower than the full contribution room you get every year for TFSA. And in the right growth stock, this amount is enough to grow your nest egg to about half a million under two decades. Imagine how robust your portfolio can be if you just alternate your TFSA contributions between investing in dividend stocks and growth stocks every year.

CATEGORY

1. Dividend Stocks
2. Investing

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1. Editor's Choice

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1. TSX:CGY (Calian Group Ltd.)
2. TSX:RPI.UN (Richards Packaging Income Fund)

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