Canadians: 1 TSX Stock That Will Supercharge Your TFSA

Description

When you devise your investment strategy, there are a lot of variables you need to take under consideration: your income, years to retirement, risk appetite, etc. When you are decades from retiring, you might have a healthier risk appetite than investors nearing their retirement. As someone who is about to retire, your investment strategy might revolve around converting your retirement savings into a reliable income source.

Asset allocation is another variable that deserves proper consideration. The TFSA and RRSP are two of the most common choices, but while you can invest in your TFSA for retirement, the RRSP is not a viable account for short-term investment goals.

Whether it's for a short-term goal or for retirement, there is one foolproof way to supercharge your TFSA: adding a bit of growth in the mix. With a few relatively reliable growth stocks, you can expedite the growth of your TFSA. One stock that you might want to consider in this regard is **Richards Packaging Income Fund** (TSX:RPI.UN).

A decent growth stock

Richards Packaging Income Fund stock has been growing quite steadily since March 2009, and though the stock has been a bit shaky lately, its long-term growth prospects are still strong. Its 10-year CAGR is a potent 29.9%, which is enough to turn your one-time TFSA contributions ($6,000) to about $82,000 in just one decade.

With a price to earnings of 24.9 times and a price to book of 5.8, the stock is a bit overpriced, but that's not too high a cost to pay for its robust growth prospects. It's fundamentally stable, with a strong balance sheet and revenues and gross profit increasing steadily for the last 10 years, without missing a beat. The company also offers dividends, but its capital-growth prowess overshadows the 1.8% yield.

The fund

The fund RPI is an open-ended limited purpose trust that invests (almost exclusively) in packaging distribution businesses throughout North America. The core company, Richards Glass, has been around since 1912, which created glass bottles for drug retailers and pharmaceutical companies. The company hasn't strayed from its medical roots and still acquires packaging, storage, and distribution businesses within the healthcare industry.

From the beginning, the company has been known for its high-quality product, and it seems like the same mentality governs their asset selection. Thanks to these acquisitions, the company is the largest player in the packaging industry in Canada and third largest in North America. About two-thirds of the business is based in the U.S. and the rest in Canada.

Three major industries it serves with its packaging products are healthcare, cosmetics, and food/beverages.

Foolish takeaway

A growth stock associated with a stable and consistently profitable business can be powerful for your TFSA portfolio. Thanks to its rapid growth rate, you won't have to wait over a couple of decades to see any sizeable growth, and you might be able to meet your short-term investment goals within a decade.

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1. TSX:RPI.UN (Richards Packaging Income Fund)

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