TFSA Investors: 3 Pot Stocks That Could Turn $6,000 Into $25,000 by 2025

Description

The Tax-Free Savings Account (TFSA) is a registered account that can be used by Canadians to build long-term wealth. As any withdrawals from the TFSA are exempt from Canada Revenue Agency taxes, it makes sense to hold growth stocks in this account and benefit from exponential gains over the long term.

While the broader markets are trading near record highs, there are several growth stocks that have plenty of room to gain momentum in 2021 and beyond. The maximum contribution limit for TFSA holders in 2021 is $6,000. We'll take a look at three stocks that should be part of your TFSA portfolio right now.

Green Thumb Industries

The first stock on my list is cannabis giant **Green Thumb Industries** (CNSX:GTII). A multi-state operator in the U.S., Green Thumb owns 60 retail stores south of the border. The stock has gained 344% in market value in the last three years on the back of strong revenue and earnings growth.

Green Thumb sales have risen from US$62.49 million in 2018 to US$556.57 million in 2020. This has allowed the company to improve its bottom line from an operating loss of US$23.8 million in 2018 to US$106 million in 2020.

In the first quarter of 2021, sales rose 89.5% year over year to US$194.4 million, while adjusted EBITDA and net income stood at US$71 million and US$10 million respectively. In the prior-year period, Green Thumb reported an adjusted EBITDA of US$25 million and a net loss of US$4.2 million.

Analysts have a 12-month average price target of US$46.4 for Green Thumb stock, which is 50% above its current trading price.

Columbia Care

Another cannabis stock that's flying under the radar is **Columbia Care** (CNXS:CCHW). A company valued at a market cap of just US$1.8 billion, Columbia Care has increased its sales from US$77.5 million in 2019 to US$179.5 million in 2020.

In the first quarter of 2021, its sales more than tripled to US$92.5 million while adjusted gross profit rose 316% year over year to US$37.7 million. Its adjusted EBITDA stood at US$10.4 million.

Columbia Care forecasts sales between US$500 million and US$530 million in 2021 and adjusted EBITDA between US$95 million and US$105 million. In the March quarter, it raised US$140 million, improving its liquidity position allowing it to end Q1 with US$176 million in cash.

Cresco Labs

The final pot stock on my list is **Cresco Labs** (CNSX:CL). Shares of Cresco have more than doubled since late 2018 but are currently trading 38% below its all-time highs allowing investors to buy the dip.

Founded in 2013, Cresco Labs reported US$178.4 million in quarterly revenue in Q1. It operates 32 dispensaries in 10 states and has a strong presence in New York, Illinois, Pennsylvania, and Ohio. The company derived US$95.6 million in sales from its wholesale business, which was up 151% year over year. Cresco's products are sold in 700 dispensaries all over the U.S., allowing it to easily gain traction in multiple states, as its brands are already popular among residents.

While it reported a net loss of US$24.1 million in Q1, Cresco's adjusted EBITDA stood at US$34.9 million, which was its eighth consecutive quarter of positive EBITDA.

CATEGORY

1. Cannabis Stocks
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2. CNSX:CL (Cresco Labs Inc.)
3. CNSX:GTII (Green Thumb Industries)

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