RRSP Investors: 2 Growth Stocks That Could Double Your Investment by 2025

Description

The RRSP, or Registered Retirement Savings Plan, provides Canadians the opportunity to lower their taxable income. Generally, you are eligible to contribute up to 18% of your income towards this registered account. So, if you earn $100,000 a year, you can allocate $18,000 towards the RRSP lowering your taxable income to $82,000.

Further, investors can withdraw funds from the RRSP only during retirement. So, it makes sense to buy and hold stocks that have the ability to increase your investment at an exponential rate over the long term. We'll look at two such growth stocks that could double within the next few years.

Shopify

Down 47% from all-time highs, **Shopify** (TSX:SHOP)(NYSE:SHOP) has still returned 3,360% to investors since its IPO in 2015. After a pandemic-fueled year in 2020, where the Canadian e-commerce giant increased sales by 86% year over year, its top-line growth decelerated to 46% in the most recent quarter that ended in September.

The reopening of economies and the steep valuations surrounding growth stocks as well as higher inflation rates drove Shopify stock lower in recent months. Investors will closely watch the company's upcoming Q4 results that are scheduled for release today. In the Q4 of 2020, Shopify sales rose by 94% year over year.

The growing adoption of PoS, or point-of-sale, hardware and software allowed Shopify to report an all-time GMV (gross merchandise volume) figure in Q3. The GMV is the total transaction amount processed on Shopify's platform. This metric is likely to touch another record high in Q4.

Wall Street forecasts Shopify to report Q4 sales of US$1.7 billion compared to its year-ago figure of US$977 million. The company continues to benefit from a widening merchant base, increased spending on premium subscription services, and higher selling volumes.

Similar to most other tech companies, Shopify has an asset-light model and increased its adjusted operating income to 18% in the last three quarters compared to 12% in the year-ago period.

Alternatively, Shopify will also be impacted by near-term pressures to cash flow and profit margins. An inflationary environment and a supply chain glut are also expected to weigh heavily on the bottom line.

AcuityAds

An entity operating in the programmatic ads space, **AcuityAds** (TSX:AT)(NASDAQ:ATY) is a small-cap company trading 88% below all-time highs. AcuityAds shares declined by 45% in the month of November, as it grew sales by just 5.4% to $27.5 million in Q3.

It attributed weak growth on lower as spend as well as supply chain disruptions for the tepid growth in revenue. Its recently launched product Illumin increased revenue by 42% on a sequential basis to $7.4 million, accounting for 27% of sales.

AcuityAds also experienced robust growth in ad-driven streaming TV, as sales more than tripled in Q3 of 2021. Comparatively, its adjusted EBITDA rose by 10% to $4.4 million, while earnings per share stood at $0.06.

Analysts tracking the stock expect sales to rise by 16% to $122 million in 2021 and by 20% to $146 million in 2022, valuing it at a forward price-to-2022-sales multiple of less than two. Its price-to-earnings multiple is also attractive at 26. Bay Street has a 12-month average price target of $9.15, which is 150% above its current trading price.

CATEGORY

1. Investing
2. Tech Stocks

TICKERS GLOBAL

1. NYSE:SHOP (Shopify Inc.)
2. OTC:ILLM.F (Illumin)
3. TSX:ILLM (AcuityAds)
4. TSX:SHOP (Shopify Inc.)

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