Got $3,000? 2 TSX Stocks to Turn it Into $200K

Description

With the recent volatility in the stock market, it may not seem like an opportunistic time to be investing. But for patient investors with a long-term time horizon, now is as good a time as any to be putting money into the Canadian stock market.

The **TSX** is full of market-leading stocks trading at must-buy prices. I've reviewed two TSX stocks that have the potential of turning a $3,000 investment into more than $200,000. Aside from $3,000, the only thing investors will need is time.

The magic of compound interest

It's through compound interest that an initial investment of $3,000 could grow into almost a quarter-million dollars by doing nothing but waiting patiently.

Let's look at a few specific examples to highlight the massive difference just a couple of percent on an average annual return can impact a portfolio over the long term.

To start, let's use an average annual return of 8%, which we can consider the long-term average return of the Canadian stock market. An investment of $3,000 made today, growing at an average annual return of 8%, would be worth just about $30,000 in 30 years.

Now, let's say that $3,000 is instead invested into a couple of different TSX stocks that average an annual return of 15%. A $3,000 investment would then be worth just shy of $200,000 in 30 years.

Let's take it a step further and assume that during those 30 years, an additional investment of $100 was made each month at the same return rate of 15%. The portfolio would be worth more than $700,000 in 30 years.

Achieving an average annual return of 15% may be easier said than done. Still, there are plenty ofTSX stocks with long track records of returning 15% in growth annually. Here are two top growth stocksthat have done exactly that in recent years.

TSX stock #1: Constellation Software

Constellation Software (TSX:CSU) is no stranger to crushing the Canadian market's returns. The tech stock has been amongst the top-performing TSX stocks since it went public just over 15 years ago.

Growth has slowed in recent years, but Constellation Software is still a leader in the Canadian tech industry.

Shares of the $40 billion company have returned close to 200% over the past five years. That's good enough for an average annual return above 20%.

TSX stock #2: goeasy

goeasy (TSX:GSY) is another under-the-radar growth stock with a consistent market-beating track record. The company is also still only valued at a market cap of less than $2 billion, leaving plenty of multi-bagger growth potential for the coming years.

Shares of the consumer-facing financial services company are up more than 250% over the past five years. In comparison, the S&P/TSX Composite Index has returned barely over 30% in the same time span.

goeasy's growth over the past five years equals an average annual return of close to 30%.

Alongside many other TSX stocks, goeasy has been hit with a selloff as of late. The growth stock is down about 40% over the past six months.

If you've had goeasy on your watch list, now's the time to be investing. Who knows when we'll see another buying opportunity like this?

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