



## Why Buying Canadian Stocks in Your TFSA Offers Massive Growth Potential

### Description

The TFSA was created in 2009, and any Canadian over the age of 18 at the time was eligible to contribute \$5,000 and begin investing and buying Canadian stocks.

If you remember, the beginning of 2009 was the middle of the Great Recession. At that point, many stocks both in Canada and the United States had been falling in value significantly, especially through 2008.

Looking back now, when stocks were that cheap, and there was so much fear about the economy, it was actually an incredible time to buy stocks.

If you had only bought an index fund like **iShares S&P/TSX 60 Index ETF**, an ETF that offers exposure to 60 of the largest stocks in Canada, you could have made 230% or a compounded annual growth rate (CAGR) of 9.3%, not too shabby up until today. An even more popular index like the **S&P 500** is up by 346%, or a CAGR of 11.8%.

These are attractive returns to make in just under a decade and a half. Furthermore, many individual stocks have even more impressive performances over that period.

So, if you had just invested capital at the start of 2009, you would have done well for yourself. However, if you had kept saving and contributing cash to your portfolio, your return would be a lot more significant.

For example, a \$5,000 portfolio growing at a CAGR of 10% would have \$21,000 after 15 years and \$87,000 after 30 years. That's not bad for a simple \$5,000 investment.

However, a \$5,000 portfolio where the investor saves and adds another \$5,000 to their portfolio each year and still earns that same 10% return would have \$180,000 after 15 years and a whopping \$910,000 after 30 years.

It's crucial that we utilize our TFSAs to constantly save and contribute cash that we can use to invest in high-quality Canadian stocks.

## Why it's crucial to buy Canadian stocks in your TFSA

There are a few reasons why buying Canadian stocks in your TFSA can offer so much long-term potential.

First off, giving yourself a long timeline for these stocks to grow is crucial. Since 2009, we've seen tonnes of innovation in the economy, and many stocks have grown significantly. In addition, buying in 2009 was the lowest point for many stocks on the market. And, of course, buying in a TFSA will maximize your returns, because you don't have to pay cash on any of the gains you're making.

That brings us to today. The market is highly volatile once again, and there are plenty of high-quality Canadian stocks to buy for your TFSA.

If you're looking to find the best Canadian stocks to buy for your TFSA today, here's one of the top stocks to hold for decades.

## One of the best bargains on the market today

One of the best Canadian stocks to buy for your TFSA has to be **InterRent REIT** ([TSX:IIP.UN](#)). InterRent is a residential [real estate](#) trust and an exceptional growth stock.

For years, it's grown its portfolio at an attractive pace. It's done this by acquiring new properties, which it believes are undervalued or can use upgrades and investments. It then spends tonnes of cash improving its properties and driving the value and the rent up considerably.

This has led to impressive growth in both the value of its units and the cash flow that InterRent is receiving. Although the stock doesn't pay that much of a [yield](#) and instead invests most of its cash in growth, InterRent is still constantly increasing its distribution each year.

In recent months, with all the concern about higher interest rates, InterRent has sold off substantially. The stock now trades at just 0.8 times its estimated net asset value — a significant discount for such a high-quality REIT.

Therefore, if you've been looking for the best Canadian stocks to buy for your TFSA while the entire market is cheap, InterRent is one of the first stocks I'd recommend to investors.

### CATEGORY

1. Investing

### TICKERS GLOBAL

1. TSX:IIP.UN (InterRent Real Estate Investment Trust)

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