How to Turn a $50,000 RRSP or TFSA Into $500,000

Description

Tax-Free Savings Accounts (TFSAs) and Registered Retirement Savings Plans (RRSPs) are hugely popular registered accounts in Canada. These accounts can hold a variety of investments, such as stocks, bonds, mutual funds, and exchange-traded funds.

Its imperative to consistently contribute towards your TFSA and RRSP each year and take advantage of the tax benefits associated with these accounts. If you have a long-term investing horizon, it makes sense to buy and hold quality growth stocks in your RRSP and TFSA, which will allow you to turn a $50,000 investment into $50,000 within the next two decades.

The ongoing pullback also allows Canadians to buy growth stocks at a discount. Here, I have identified three growth stocks that can be held in your TFSA or RRSP in 2022.

Aritzia

Aritzia (TSX:ATZ) was founded in 1984 and is a vertically integrated design house that offers everyday luxury products. It initially started as a multi-channel retailer and is now gaining traction in the e-commerce segment as well, with a growing footprint in the United States.

The company has a proven record of profitable, organic growth, and Aritzia's free cash flow generation reinforces its strong financials. Aritzia is now accelerating investments across its strategic growth drivers, including e-commerce, geographic expansion, product innovation, and brand awareness.

Aritzia has increased its sales from $875 million in fiscal 2019 to $1.5 billion in fiscal 2022. Analysts expect sales to touch $1.9 billion in fiscal 2023 and $2.16 billion in fiscal 2024, valuing the stock at 2.5 times forward sales. In the fiscal third quarter of 2023 (ended in May), Aritzia increased sales by 65% to $408 million.

ATZ stock is currently trading at a discount of 30% compared to analyst price target estimates.

Jushi Holdings

If you are bullish on the cannabis sector in the United States, it makes sense to add **Jushi Holdings** (OTC:JUSH.F) to your TFSA or RRSP portfolio. Trading almost 80% below all-time highs, Jushi Holdings is valued at a market cap of US$380 million.

A vertically integrated cannabis company, Jushi Holdings is engaged in the cultivation, processing, retail, and distribution of medical and recreational marijuana products. It continues to build a portfolio of cannabis assets in California, Illinois, Nevada, Massachusetts, Virginia, Ohio, and Pennsylvania.

In the second quarter (Q2) of 2022, Jushi reported revenue of US$72.8 million, an increase of 52.4% year over year. It ended the quarter with 33 retail locations in the United States and is forecast to increase top line to US$388 million in 2023, up from US$209 million in 2021.

Analysts expect shares of Jushi to more than double in the next 12 months.

Constellation Software

One of the largest tech companies on the TSX, **Constellation Software** (TSX:CSU) has created massive wealth for long-term investors. Down 17% from all-time highs, CSU stock has returned over 14,000% to investors since it went public back in 2006.

Constellation Software provides software services to enterprises across industries. It develops specialized, mission-critical software solutions to address specific industry needs, which ensures switching costs are high. Constellation Software has grown through a combination of acquisitions and organic growth and has successfully established a diversified customer base.

Despite its stellar returns, CSU stock is valued at 30 times forward earnings, which is quite reasonable, given analysts expect the bottom line to expand by 20% annually in the next five years.

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