TFSA: 3 TSX Stocks That Could Turn $10,000 Into $100,000

Description

When it comes to leveraging a Tax-Free Savings Account (TFSA), tax-free withdrawals are often what garner most of the attention. However, as a long-term investor, the top selling point for me is the fact that any gains or passive income generated within a TFSA are not taxed.

Due to the tax-free gains, I'd urge anyone with a long-term savings goal to hold high-growth investments within their TFSA.

Fortunately, Canadian investors can have their pick when it comes to growth stocks. The TSX is full of individual stocks that have dependable track records of outperforming the broader market's returns

Building a $100,000 TFSA

Investing in individual stocks is one of your best bets to earn a top return. Here are two examples that highlight what a difference in annual return can have on your investments over the long term.

At a 1.5% return, a $10,000 investment made today would be worth just shy of $15,000 in 25 hours. If you were to instead earn a 10% annual return, that $10,000 investment would be worth close to $110,000 in 25 years.

With that in mind, I've reviewed three top TSX stocks that have the potential to earn 10% a year in the coming decades.

Brookfield Asset Management

Brookfield Asset Management (TSX:BAM.A)(NYSE:BAM) is a perfect place to start for anyone in the process of building an investment portfolio from scratch. The $100 billion asset management company can provide investors with growth potential, diversification, and passive income.

Shares of Brookfield Asset Management have more than doubled the returns of **S&P/TSX Composite Index** over the past five- and 10-year periods. And that's not even including the company's 1% dividend yield, either.

With a growing international presence, there's no reason to believe why this TSX stock will begin lagging behind the market's returns anytime soon.

Northland Power

If you've got a long-term time horizon, the renewable energy space is not a bad area to invest in. Most green energy stocks have not had any trouble delivering market-beating returns in recent years, and that includes **Northland Power** (TSX:NPI).

In addition to a nearly 3% dividend yield, shares are up 80% over the past five years and more than 100% over the past decade.

The renewable energy sector is loaded with growth potential, which is why long-term investors should have this market leader on their watch lists.

Constellation Software

Not many TSX stocks have outperformed **Constellation Software** (TSX:CSU) since it joined the TSX close to 20 years ago.

Growth is undoubtedly slowing as the business matures. However, a return of close to 200% over the past five years is far more than most TSX stocks have returned in that time span.

The company has been more dependent on acquisitions as of late to drive revenue, which is a result of slowing growth. But that also means the tech company is now trading at a much more favourable valuation than it has in the past.

At today's stock price, the tech stock is trading at a price-to-sales ratio below 10. Good luck trying to find a growth stock in the tech sector trading as low as that.

CATEGORY

1. Investing
2. Tech Stocks

TICKERS GLOBAL

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2. TSX:BN (Brookfield)
3. TSX:CSU (Constellation Software Inc.)
4. TSX:NPI (Northland Power Inc.)

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