Better Growth Stock for Your TFSA: Canada Goose Holdings Inc. (TSX:GOOS) or Canopy Growth Corp. (TSX:WEED)?

Description

Investors are fast approaching the end of another year. This is a great time to review registered accounts to re-balance portfolios and max out contribution room. The tax-free savings account will be due for another uptick in contribution room in the beginning of 2019. It will likely remain at a $5,500 annual bump.

For those new to the account or just beginning to build it up, this contribution room is cumulative. The cumulative limit currently sits at $57,500; if the annual addition remains static, this limit will increase to $63,000 in 2019.

Although the federal Liberals decided to reduce the contribution amount in 2016, that is still a fair bit of room for investors to play with. Younger or more aggressive investors should look to maximize tax-free growth in their accounts for the long term. Today we are going to look at two stocks that have posted huge gains over the past year.

Canada Goose (TSX:GOOS)(NYSE:GOOS)

Canada Goose stock was up 94% in 2018 as of close on September 13. Shares have surged over 200% year-over-year, and at its peak this year, the stock had more than quadrupled from its IPO price of $17 back in March 2017. However, the stock has failed to test its June highs in recent months.

The company released its fiscal 2019 first-quarter results on August 9. Total revenue rose 58.5% year-over-year to $44.7 million, but Canada Goose reported a net loss of $18.7 million, or $0.17 per share in the quarter. Direct-to-consumer revenue made up more than half of the total at $23.2 million, which represented an $8.3 million increase from the prior year.

Canada Goose is now entering the fall and winter busy seasons, which will be an interesting test for those looking to measure is year-over-year growth.

Another exciting development at Canada Goose is its foray into Asia. The company recently announced its intention to open two stores and a regional headquarters in China. The proliferation of wealth and a growing middle class in Asia present a ripe environment for luxury clothing retailers.

Canopy Growth (TSX:WEED)(NYSE:CGC)

Canopy Growth stock has surged over 120% in 2018 as of close on September 13. Shares are up a stunning 550% from the prior year. The company boasts an impressive inventory and is likely the most well-prepared of the top producers for the recreational legalization rollout coming in October.

Canopy released its fiscal 2019 first-quarter results on August 14. Revenues jumped 63% year-over-year to $25.9 million, while cash and cash equivalents soared 472% to $658 million. Canopy proudly reported that it had secured an estimated 36% of the total supply committed to date to provinces and territories by the end of Q1 FY2019.

Which is the better buy right now?

It is hard not to get excited about the potential for cannabis in Canada before legalization, but Canopy's valuation has soared to incredible heights over the past month. The threat of a Canada Post strike to end the week also sent the industry reeling, as investors feared a disruption to the fledgling market.

Canada Goose is entering peak season and has committed to what should be a fruitful expansion into Asia. I like the stock at its current price as we head into cooler seasons.

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3. TSX:GOOS (Canada Goose)
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