



Here's the TFSA Millionaire-Maker Stock That You've Probably Never Heard of

Description

It's worthwhile to explore the depths of the TSX index by looking at the stocks that a majority of mainstream investors have never heard of. By studying the smaller-cap end of the TSX, you're essentially digging for hidden gems — something that big institutional investors aren't allowed to do due to their constraints.

You'll need to burn through the midnight oil and dig through a tonne of dirt to have a chance at finding a precious gem, but once you strike gold, you shouldn't be afraid to get the truck backed up, so you can get the most out of your relentless efforts.

I think I've found an overlooked gem of a company that could grow big enough and fast enough to become a hot topic in mainstream financial shows in three to five years.

Enter **Solium Capital** (TSX:SUM), an overlooked \$682 million company that some of my colleagues here at the Motley Fool Canada have [briefly shed light on](#) over the past year.

The Calgary-based tech company is a software-as-a-service (SaaS) player that's going after the niche market of employee stock options and capitalization tables. Solium's flagship product, Shareworks, has grown to become a staple for the many firms that compensate employees through equity plans.

If you've worked at a mid-sized company, then odds are, you've been offered an employee share-purchase program, stock options, or any other sort of equity-based compensation. There's typically a lot of paperwork for a company when its employees opt in on such forms of compensation, and that's where Solium comes in. The company's SaaS product makes it easier and cheaper for firms to manage plan administration, form filing, cap tables, and 409A valuations (fair market appraisal of startup's common stock), among other tasks that are mundane but necessary.

Who would have known that equity-based incentive plans would be so complicated?

Solium has made a handful of acquisitions over the last few years, and they've served to bolster the company's position in its niche market.

The company has grown its top line by 21.2% over the past 10 years and 11.3% over the past five years. While growth has indeed tapered off a bit, the company remains a positive generator of free cash flow, and with its ridiculously low levels of debt, the company remains flexible should accretive M&A opportunities present themselves moving forward.

Foolish takeaway

Solium is a hot SaaS play, and investors would be wise to grab the stock while it remains at a discount to its historical book value. The company has found its niche, and it's building a moat around it. As its cloud capabilities strengthen, I wouldn't at all be surprised to see management become more aggressive with its growth plan and its SG&A expenditures.

The stock has been an eight-bagger over the last six years, but I think the company has way more gas left in the tank, as it makes quick work of its niche industry. Solium looks like a worthy candidate for a young investor's [TFSA](#), so if you're looking for amplified growth, you may want to initiate a small position today or keep the name on your radar as you wait for a pullback.

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