Top Growth Stocks for Your TFSA in 2019 and Beyond

Description

On January 1, you will have another $6,000 of contribution room for your Tax-Free Savings Account (TFSA). What you earn in TFSAs are tax free (except for withholding taxes on foreign dividends). So, it makes good sense to aim for high growth in the account to maximize your returns. Here are two top stocks for your TFSA that will grow in 2019 and beyond.

Shop for Shopify stock

Shopify (TSX:SHOP)(NYSE:SHOP) is a formidable force. In the past three years, the Canadian and U.S. stock markets appreciated about 17% and 31%, respectively. However, in the same period, Shopify stock went up 531%!

Shopify's strength can clearly be seen in the past year as the stock climbed 65%, while the U.S. market remained essentially flat and the Canadian market fell 7.6%.

Shopify has been growing at a rapid pace. In the first nine months of the year, it increased revenues by 62% to almost US$729.4 million compared to the same period in 2017. Notably, the cost of revenues was on par with revenue growth as they increased almost 67% to US$318.8 million. And the growth company was left with gross profits of US$410.5 million.

Image source: Getty Images

Shopify continued to make big investments for the future growth of the business. It spent US$254.9 million on sales and marketing and nearly US$163.7 million on research and development, which accounted for about 35% and 22%, respectively, of revenues.

As the leading multi-channel commerce platform, Shopify helps many businesses, simplifying their product and inventory management, order and payment processing, order shipping, customer relationship building, etc. Since Shopify makes the lives of businesses easier and continues to innovate, it will continue its growth path in 2019 and beyond.

Investors looking for aggressive growth in their TFSAs can consider averaging in to Shopify over time and especially buying on dips.

Grow with Brookfield Asset Management

Brookfield Asset Management (TSX:BAM.A)(NYSE:BAM) is a global alternative asset manager. It has more than a century's experience in owning and operating real assets. The company has four listed affiliates with a focus on property, renewables, infrastructure, and private equity.

As the parent company, Brookfield Asset Management earns growing management fees as its fee-bearing capital increases. As of the end of September, the company had more than US$140 billion of fee-bearing capital.

Brookfield Asset Management also receives carried interest for providing its expertise in growing the listed affiliate companies. Altogether, it generates about US$2.7 billion of annualized fees and target carried interest. This amount will only continue to grow in 2019 and beyond.

Brookfield Asset Management has increased its annualized fees and target carried interest at a superb compound annual growth rate of about 24% in the past four years or so.

The company's listed partnerships tend to increase their cash distributions every year. As an investor and manager, Brookfield Asset Management participates in that growth as well.

It’s a good time for investors to consider buying Brookfield Asset Management in their TFSAs as the stock has dipped recently.

Final thoughts

If you find stocks attractive today, you don’t have to wait until January 1. Buy stocks in your taxable account now, and you can transfer in kind to your TFSA account later. However, make sure the stocks have stayed flat or appreciated because when you transfer in kind, it’ll be as if you sold the stocks in the taxable account, which counts as a taxable event.

CATEGORY

1. Dividend Stocks
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Date
2025/08/27
Date Created
2018/12/14
Author

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