3 Stocks That Could Double Your TFSA Money

Description

A tax-free savings account is a versatile thing. While often touted as a more flexible alternative to an RRSP, a TSFA is actually a different beast entirely. As there's no tax penalty for withdrawing money from a TFSA, you needn't necessarily hold your TFSA assets to retirement. Accordingly, a TFSA can be a great place to make high risk, high return investments that aren't appropriate for retirement accounts.

Of course, such investing strategies aren't for everyone. If your goal is to use your TFSA as an alternative to an RRSP for retirement saving, then a more milquetoast approach may be called for. But assuming you're willing to take a risk in exchange for juicier returns, here are three stocks that have the potential to double your TFSA money.

Canadian National Railway (TSX:CNR)(NYSE:CNI)

It might seem strange to mention Canadian National Railway in an article prefaced on high risk, high return investing. Railways in general give the impression of being the kind of stale, boring industry that you can count on for average returns. But looks can be deceiving. A $20,000 investment in CN 20 years ago with dividends reinvested would be worth $460,000 today. And there's reason to believe the company can keep it up. CN is growing earnings at about 18% year-over-year, and management apparently thinks that's going to continue, since they've been buying back shares recently. Is it any wonder Bill Gates loves this stock?

Lululemon Athletica (NASDAQ:LULU)

Lululemon is one of Canada's most popular retail stocks, with 404 stores selling relatively high-priced athleisure wear across North America. In its most recent quarter, Lululemon grew same-store sales at 7% and diluted EPS by 65%. That's some serious growth. But despite that growth, the company's shares are trading at just 34 times forward earnings, with Thomson Reuters data giving the stock a very low 5-year PEG ratio of 1.6. This stock has doubled in value since approximately this time last year. With these numbers, I wouldn't be surprised to see it to double again in the next 12 months.

Shopify (TSX:SHOP)(NYSE:SHOP)

Finally, we come to Shopify. Shopify is the riskiest stock on this list, because while its revenue is growing at a steady clip, its expenses are rising even faster. In Q3, the company lost $23 million in GAAP terms while earning $4.5 million in adjusted terms. The loss can be easily explained by the the company's heavy investment in future growth. Recent investments have included a $500 million Toronto office intended to attract high skilled tech workers who prefer hip urban work environments. Tech recruiting is a very competitive world in which recruiting top programmers requires lifestyle incentives in addition to high pay, so the $500 million investment may ultimately pay off.

Regardless, Shopify is a very young company, just three years out from its IPO. It's normal for tech startups to lose money at this stage in their growth. For example, **Amazon.com** took well over a decade after its IPO to become consistently profitable–and its stock price rose along the way. So the fact that Shopify isn't generating huge profits yet doesn't mean its stock–which has doubled since April 2017–won't keep going up.

CATEGORY

1. Dividend Stocks
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TICKERS GLOBAL

1. NASDAQ:LULU (Lululemon Athletica Inc.)
2. NYSE:CNI (Canadian National Railway Company)
3. NYSE:SHOP (Shopify Inc.)
4. TSX:CNR (Canadian National Railway Company)
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