



## The Must-Have Tech Stock for Your TFSA

### Description

According to the CRA, there are approximately 18.3 million TFSAs owned across Canada. The average fair market value per account is just over \$17,000, and the average contribution value is \$7,000. Considering the outstanding market performance over the past decade, and looking at the average performance of TFSAs, the data suggests that most Canadians are playing it safe. They are investing in low-risk, low-reward asset classes.

However, since a TFSA offers tax-free growth, it is the perfect investment vehicle to take a risk on high-quality stocks with the potential to continually produce market-beating returns.

One such stock is **Ceridian** (TSX:CDAY)([NYSE:CDAY](#)), a global human capital management (HCM) software company. This company is rapidly accelerating its revenue and profit. The company realized an operating profit of \$21.5 million in the most recent quarter, up 34% year over year. Adjusted EBITDA increased by 22% to \$43.5 million.

Revenue from the company's flagship product, Dayforce, increased 38% to \$443 million. Dayforce is a cloud platform that combines HR, payroll, benefits, workforce management and talent management in a single application. The product enables better decision-making at every level within an organization by unifying data from across the entire employee lifecycle.

### Growth of the HCM market

The HCM market is expected to grow by a compound annual growth rate (CAGR) of 9.2%. This market growth is sustainable due to the increasing needs of a geographically spread workforce, the adoption of mobile devices, and the higher demand for talent mobility in organizations. The Small and Medium-Sized Enterprises (SMEs) segment for HCM is expected to grow at the highest CAGR of any segment.

Because of its expanding labour force, the Asia-Pacific region represents the greatest potential for growth. The advancement in Asia is expected to far outpace the gain in any other region due to the region's increased cloud adoption and mobile-centric internet usage.

## Room for multiple players

Because the market for HCM software is [expected to grow by almost double digits per year](#), there is room for multiple players in the industry. While there are some big names in the field, such as **Oracle**, **SAP** and **IBM**, smaller, lesser-known companies are gaining traction.

One of the fastest-growing companies in HCM is **Ultimate Software Group** (NASDAQ:ULTI). I was an employee at Ultimate Software when the company went public in 1998. The IPO price was \$10. The current stock price is above \$330!

Recently, to expand its market outside the US, Ultimate Software acquired French startup PeopleDoc. This purchase will give them access to the European market, another fast-growing region for HCM software providers.

Having seen firsthand the trajectory of Ultimate Software's stock, I recognize the potential for Ceridian. At the company's IPO in April 2018, the stock was trading at \$22. Currently, the price is hovering around \$48. While [Ceridian stock has already risen dramatically since its IPO](#), I believe the stock will continue to climb based on the results of similar companies in the industry. This makes Ceridian a great choice for Canadians looking to boost returns in their TFSAs.

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