Millennials: 2 Must-Have Stocks to Rapidly Grow Your TFSA

Description

There are growth stocks and then there are growth stocks on steroids. Software-as-a-service (SaaS) plays are in the latter camp, and for those growth-savvy millennials who have multi-decade time horizons, such names should be must-owns because they offer a magnitude of growth that's incomparable to most other reasonably valued blue chips that Main Street has grown to know and love.

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At today's levels, you're paying a hefty premium to own some of Canada's hottest SaaS players, and while it's never a good idea to risk overpaying for a stock, it is a smart idea to add such sought-after stocks to your radar with the intention of buying them on a dip. Whether it be a market-wide pullback or a resetting of short-term expectations, volatility is pretty much guaranteed with high-growth SaaS players, so don't fear missing out if your favourite Canadian SaaS play appears to have already taken off.

Without further ado, consider the following must-have SaaS plays that you may want to add on a dip at some point over the next year or so.

Shopify (TSX:SHOP)(NYSE:SHOP)

Shopify is the incredibly innovative e-commerce play that's been the talk of the town over the last few years. Short-seller concerns have caused the stock to take a small breather last year, but shares have since taken off, leaving Andrew Left and other shorts in the dust with their half-baked investment theses.

Today, the stock trades at a ridiculously expensive 20.2 times sales, and while there's still an astounding amount of high-double-digit growth left in the tank, I'd urge investors to buy on a dip, potentially triggered by the return of infamous short-sellers with new dirt on the company.

In addition, high churn rates and a higher degree of market sensitivity could pave the way for a potentially nasty spill should investors overweigh the risk of a recession as they did late last year.

Shopify's still innovating like it's nobody's business, but if you're not one to pay a premium price tag (shares have popped 64% in just over three months), I'd just wait because odds are there'll be far better prices once sentiment turns.

Kinaxis (TSX:KXS)

Here's a local Canadian tech gem that's helping its clients untangle the mess that comes with supply chain management and operations planning.

While the business is harder to understand for those with little to no experience with corporate supply chains, one thing remains clear – the company's clients love Kinaxis's value-creating services, which is resulting in massive double-digit growth numbers that have captured the attention of growth-savvy Canadians.

Fellow Fool Ambrose O'Callaghan recently touted Kinaxis as one of their two top stocks that'll beat the TSX over the next decade, touting Kinaxis as a must-buy should shares retreat below the $70 mark. Following a relatively solid, but not incredible quarterly and full-year results that saw total subscription revenues surge 21%, investors may soon have a second chance to nab shares in the $60s before the company has an opportunity to ink its next big-league client.

Foolish takeaway

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Shopify and Kinaxis are red-hot growth kings that could bring your TFSA to the next level. Both stocks have been on incredibly runs of late, and should either cool off in the coming months, I'd pounce at the opportunity to buy either name.

Stay hungry. Stay Foolish.

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