3 Hot Growth Stocks to Stash Away in Your TFSA

Description

So much for the sell in May and go away strategy. As I warned investors, in recent years, the strategy has had little merit. Although volume is certainly lower, stocks have been posting record highs. The **TSX** is nearing a record close and the NASDAQ has hit all-time highs in recent days.

The Nasdaq is home to some of the largest technology stocks in the country, and the tech sector continues to outperform. At home, we see a similar pattern as tech stocks lead the way.

With that in mind, here are three hot stocks that can grow tax free within your Tax-Free Savings Account (TFSA).

CGI Group

In 2016, the **CGI Group** (TSX:GIB.A)(NYSE:GIB) announced its intentions to double in size over the next five to seven years. It is well on its way to achieving its goal.

CGI has a two-pronged approach to growth. It intends to provide stable and consistent organic growth and it is always on the lookout for the next acquisition to vertically integrate.

Over the past five years, the company has grown earnings by an average of 10% annually. It is a rate that is expected to accelerate as analyst expect 12% average annual earnings growth over the next five years. According to the rule of 72, it will take six years for the company to double earnings at a rate of 12%. This is well within targets.

Consistency and reliability as led to a 24% return in 2019.

Kinaxis Inc

Posting similar year-to-date gains, **Kinaxis** (TSX:KXS) is up 22% thus far in 2019. Although the company's rise to prominence hasn't been as smooth as CGI's, it has rewarded investors with significant returns.

Over the past five years, Kinaxis' share price has jumped 511%, which is an average of 100% annually. As of writing, the company is trading at a 20% discount to its 52-week high. As a company that trades on momentum, investors could be looking at outsized returns on its next leg up.

Analysts are expecting 20% average annual growth over the next couple of years.

Descartes Systems Group

One company that doesn't receive the attention it deserves is **Descartes Systems Group** (TSX:DSG)(NASDAQ:DSGX). Year to date, the company's share price is up 33% and has averaged returns of 43% annually over the past five years. Recent performance has vaulted the company into one of the top teck stocks of the year.

It is one of few companies that is positioned to benefit from a trade war, and the fact that it specializes in global logistics and complicated trade agreements will increase demand for its services. Analysts have a median price target of $59.10 which implies 25% upside from today's price.

Foolish takeaway

All three of these tech stocks make excellent additions to your TFSA. As high-growth stocks, protecting your capital gains within the safety of your TFSA is a best practice.

CATEGORY

1. Investing
2. Tech Stocks

TICKERS GLOBAL

1. NASDAQ:DSGX (Descartes Systems Group)
2. NYSE:GIB (CGI Group Inc.)
3. TSX:DSG (The Descartes Systems Group Inc)
4. TSX:GIB.A (CGI)
5. TSX:KXS (Kinaxis Inc.)

PARTNER-FEEDS

1. Msn
2. Newscred
3. Sharewise
4. Yahoo CA

Category

1. Investing
2. Tech Stocks

Date
2025/07/03
Date Created
2019/07/12
Author
mlitalien