TFSA Investors: Buy These 3 Companies Before Purchasing More Cannabis Stock

Description

The allure of cannabis stocks is once again making the rounds. With legalization of edibles just around the corner, pot stocks are once again in the spotlight.

However, these are still speculative buys. Given how marijuana stocks crashed post recreational legalization last year, there is still considerable risk.

If you are a little more risk averse, it is best to avoid the sector. If you have room in your Tax-Free Savings Account (TFSA), there are plenty of high-growth stocks that carry less uncertainty.

Why hold high-growth stocks in your TFSA?

As a general rule of thumb, they are best held in a TFSA as opposed to your Registered Retirement Savings Plans (RRSPs) because you can grow them tax free. RRSPs are a tax-deferred product and you will be taxed once you withdraw.

With that in mind, here are three non-cannabis options for your TFSA.

Lightspeed POS

Earlier this year, investors looking for high-growth tech stocks were treated with yet another intriguing option as **Lightspeed PO**S (TSX:LSPD) went public. Since its initial public offering, the company's stock price has almost doubled (+80%).

This may be the perfect time to buy. Despite impressive year-to-date returns (+80%), the company is trading at a 31% discount to its 52-week high of $49.70. In the past month, it has lost 28% of its value as selling pressure has stunted its momentum. Is there reason for concern? Not in the slightest.

As a newly listed company and high-growth stock, investors should expect considerable volatility. The stock is also in show-me mode as it proves itself to investors. In its first two quarters since going public, Lightspeed has posted better than expected quarterly results — so far, so good.

For the first time since it went public, the company is trading at a discount (-7.4%) to its one-year price target. It is also trading at a decent 32 times sales given it's expected to grow revenue and earnings at a 50% annual clip over the next five years.

Shopify

Canada's tech darling has presented investors with a great entry point. **Shopify's** (TSX:SHOP)(NYSE:SHOP) stock has lost 10% of its value in the past couple of weeks. The drop was warranted as it was near or in overbought territory for the better part of the past few months.

A slight correct is healthy. It is not uncommon for Shopify's stock to plunge by the double digits over a short period; it's happened at least a handful of times over the past few years. The important takeaway is that every time Shopify's stock has rebounded reaching new highs.

Kirkland Lake Gold

Once forgotten, gold has made a strong comeback in 2019 as the price of the precious metal finally broke through key resistance points. Given the uncertain times we live in, having exposure to gold is a great way to insulate your portfolio from sudden market volatility.

The best-performing stock in the sector has been **Kirkland Lake Gold** (TSX:KL)(NYSE:KL). What's most impressive about Kirkland's performance hasn't been its YTD performance (+64%), but the gains it produced over the past number of years despite a tough pricing environment for gold.

Over the past two- and five-year periods, it has posted gains of 260% and 13,180%, respectively. This makes it one of the best-performing stocks on the North American markets.

A stock such as Kirkland Lake that delivers regardless of the economic conditions is a rarity in the industry.

CATEGORY

1. Investing
2. Metals and Mining Stocks
3. Tech Stocks

TICKERS GLOBAL

1. NYSE:SHOP (Shopify Inc.)
2. TSX:LSPD (Lightspeed Commerce)
3. TSX:SHOP (Shopify Inc.)

PARTNER-FEEDS

1. Business Insider

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

Category

1. Investing
2. Metals and Mining Stocks
3. Tech Stocks

Date
2025/09/05
Date Created
2019/09/13
Author
mlitalien