



## TFSA Investors: This Is Your Ticket to Early Retirement

### Description

Everybody wants to retire early, but there are only a few paths to achieving that goal. If you don't already have a sizeable nest egg, saving should be your first priority. If you're already on an [automated savings schedule](#), you'll need to choose the right investments.

All too often, retirement investors are overly conservative, leaving long-term gains on the table in exchange for reduced short-term risk. If you're investing for at least a decade into the future, you have room to take on extra risk that most investors tend to avoid. This extra risk might cause your portfolio to gyrate in value in any given month, but after several years, it often results in extra gains. If you want to retire early, earning these extra gains is critical.

One of my favorite high-upside stocks on the TSX is **Shopify Inc** ([TSX:SHOP](#))([NYSE:SHOP](#)). This isn't a stock you'll find in many retirement portfolios, but that's a mistake. Over the next 10 years, Shopify could easily *quadruple* in size. With a market cap of just \$48 billion, the company is still growing sales at more than 50% annually. It's not difficult seeing the company surpass a \$200 billion valuation by 2030. Under several scenarios, Shopify could be worth in excess of \$250 billion.

Quadrupling or quintupling your investment dollars over a 10-year period would be a gigantic step forward towards an early retirement. A \$100,000 nest egg, for example, could be worth \$500,000, enough to generate a \$30,000 or \$40,000 yearly passive income stream.

If you're willing to take on the extra risk to get there, Shopify is an ideal bet for TFSA investors, especially considering the big gains would be tax free.

### Trust in platforms

Platforms are the best way to compound your retirement dollars quickly. Spotting a true platform, however, takes practice. All successful platforms have one common characteristic: they allow mission-critical infrastructure to be built *on top*. **Microsoft** Windows is a textbook example. If you've ever used a Windows computer, you know that everything you do with it would be impossible without the Windows operating system. Everything is built *on top* of Windows, including the applications, tools,

internet browser, and more. Take away Windows and you'll render your computer useless.

Shopify is pursuing a similar strategy. If you haven't already, head to their website and set up a demo account. You'll immediately understand not only how easy Shopify makes the e-commerce process, but how *sticky* their platform really is. When you create a Shopify store, all of your mission-critical tools are built-in, including inventory tracking, customer management, and payment processing. The streamlined bundle is what makes Shopify a joy to use. But if you want to switch to another e-commerce platform, you'll lose everything. Sounds a lot like Windows, huh?

Already today, e-commerce is a \$2 trillion global market. While Shopify is targeting the entrepreneur segment of the market, that opportunity is still likely worth several hundred billion dollars. Thus far, no competitor is even close to matching Shopify's dominance. I expect the company to continue growing its market share for years to come.

Shares trade at 25 times forward sales, but if the market grows as expected, Shopify could be trading at just 1 times 2030 sales. In reality, the stock would likely trade at a much higher premium, potentially 5 times sales, representing 500% in upside over the next decade.

Shopify has risk, given its premium valuation, but as we've seen, that valuation can quickly be justified over the long run. Ideally, you'd find the *next* Shopify, which would have significantly more upside. But for now, the current Shopify is still a compelling buy.

## CATEGORY

1. Investing
2. Tech Stocks

## TICKERS GLOBAL

1. NYSE:SHOP (Shopify Inc.)
2. TSX:SHOP (Shopify Inc.)

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