



TFSA Investors: 1 Little-Known Stock That Has Doubled Like Shopify (TSX:SHOP) in 2019

Description

High-growth stocks are best stashed in a TFSA, no matter how high they appreciate, investors don't have to worry about potential capital gains taxes in the future.

Shopify's ([TSX:SHOP](#))([NYSE:SHOP](#)) stock has been [a darling](#) for TFSA growth investors over the past few years due to its massive share price gains over the period which top 656% since three years ago.

Shares have always been expensive, but investors have continued to push the valuation up a 117% year-to-date as the market still sees further growth in the company's client base, merchandise processing volumes and, most important, profitability potential as visionary Tobias "Tobi" Lütke and his team continue to innovate and build a more robust ecosystem around the business.

Revenue has continued to grow exponentially over the past three years to US\$1.07 billion last year and the latest guidance is for invoices worth US\$1.555 billion for a further 45% growth in the top line for 2019 and the company's operating losses have been narrowing significantly and consistently over several recent quarters.

This firm is indeed a great tech business being built that strongly speaks to the dreams of every aspiring entrepreneur globally to open an online shop and get all supporting services inside the ever-expanding Shopify ecosystem to a growing merchant population that reached the one million mark recently.

That said, there's this fast-growing cannabis related firm that has continued to impress against all industry odds as peers tumbled this year.

Valens GroWorks

Little-known **Valens GroWorks Corp** (TSXV:VGW) is the new leader in the provision of extraction services for cannabis and hemp biomass to the budding marijuana industry,

Valens stock has been one of the hottest tickers on the TSX's junior and incubatory exchange platform, the **TSX Venture**. Price gains stand about 110% so far in 2019 and shares have returned a 734% investment return over the past three years.

Unlike other cannabis tickers that have largely tanked this year, Valens has continued to impress in 2019.

The company's latest financial reports for the third quarter of 2019 showed a sequential revenue growth of 87% over the second quarter. Gross margins have expanded unbelievably from just 38% of revenue in February to 58% in May 2019 before hitting the 78% mark for the quarter ended in August this year.

This was a massive quarter-on-quarter improvement that enabled the company to report its first quarterly net profit this year (a big 36% net profit margin) and positive adjusted EBITDA margin of over 59%.

Business is expected to grow further into the next year after the company won a contract with Shoppers Drug Mart to be the third-party supplier of cannabis oil products to the pharmaceuticals retailer's online stores.

Further, Valens is poised to partake in the cannabis 2.0 edibles market too. Management announced a new five-year deal with Iconic Brewing that will see the company manufacture over 2.5 million cannabis beverages.

The small firm has impressive profitability profiles and there's growth potential here after a recent acquisition. My only concern is whether its current clients will not build their own extraction facilities to avoid outsourcing the value addition service in the long term, but the company is winning new long-term contracts from the best financed industry players right now.

It may be fine to assume that VGW may maintain its specialist niches for a long time to come.

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1. Canadian technology
2. Cannabis

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