



## Millennials: Beat the CRA With This Space Race Stock

### Description

Canadian investors interested in finding a good stock to buy for their portfolios in 2020 should look at the modern space race for inspiration. Elon Musk's SpaceX may not be listed on the public stock exchanges yet, but there are still great options to choose from on the **Toronto Stock Exchange**.

You can find undervalued options to boost your Tax-Free Savings Account (TFSA) and Registered Retirement Savings Plan (RRSP). In 20 years, you can use the capital gains to retire early or supplement your [Canada Pension Plan](#) payments during retirement.

## High-growth potential safe from the Canada Revenue Agency

The annual dividend yield on **Maxar Technologies** ([TSX:MAXR](#))([NYSE:MAXR](#)) is stellar at 6.58% of the current share price. Even better, the price of this stock began rebounding last year, setting up savvy investors for nice capital gains if they buy the stock today to hold for at least the next three to five years.

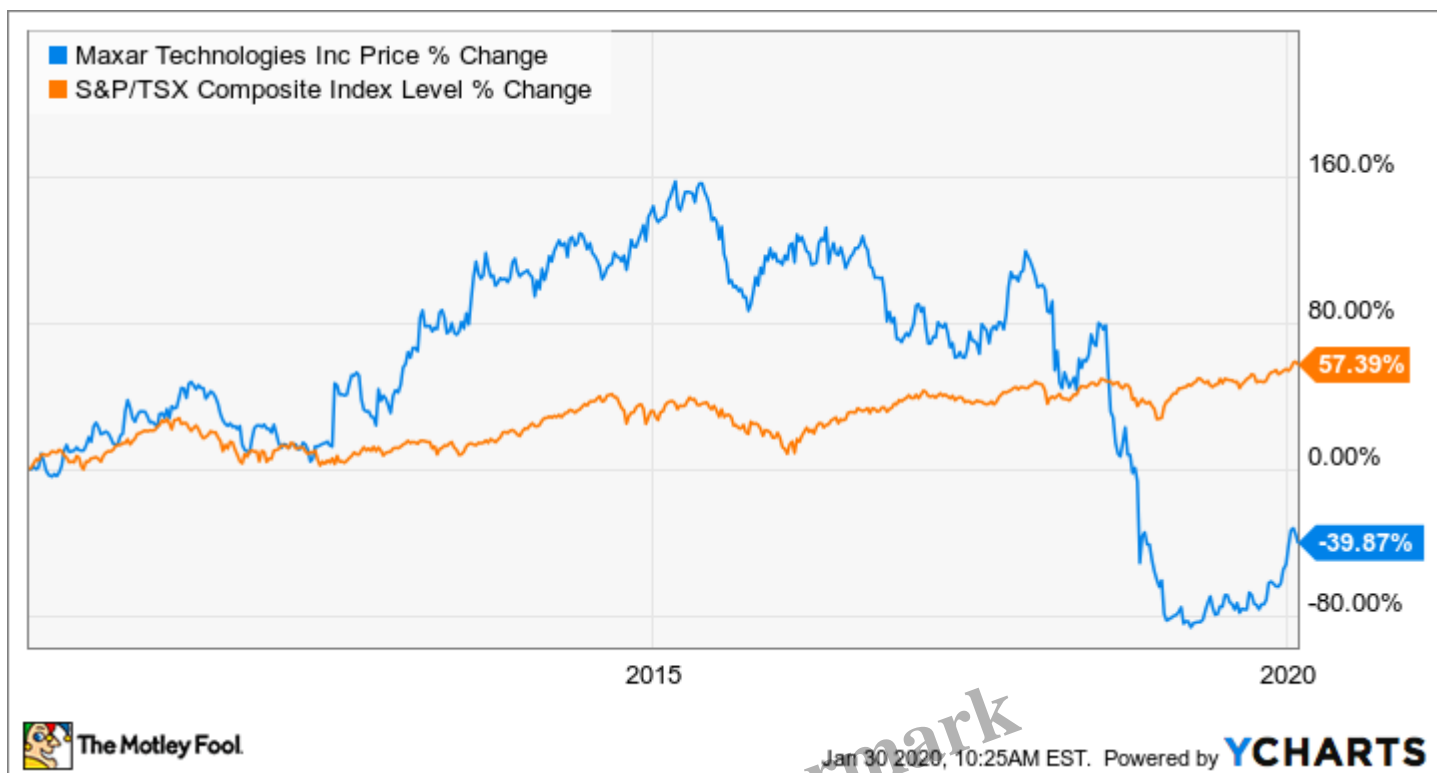
Maxar Technologies stock began following the **S&P/TSX Composite Index level** percentage change throughout 2019. Then, in the last quarter of the year, the stock price soared, ending the year up 207.8%. Maxar Technologies essentially left the index in the dust, which only boasted a level percentage change of 12.93%.



You have two fantastic options to invest in this stock easily. You can protect the capital gains from taxation by the [Canada Revenue Agency](#) by buying this stock for your TFSA. Alternatively, you can purchase the asset for your RRSP, choosing to pay income taxes on it later when you retire. Whatever you choose, this is a great 2020 space race stock to buy and hold.

## Government money will boost the stock price in 2020

Overall, the stock price of Maxar Technologies is still down from where it began 10 years ago. Keep in mind that the stock price was largely inflated before the downward correction. Directly before it began falling, the stock reached a high of nearly \$100 in May 2015.



Down almost 40% from its price at the start of 2010, Maxar Technologies still has room to outperform the index in the next year. The trailing 12-month (TTM) price-to-sales ratio is only \$0.69 for every dollar of sales per share. A price-to-sales ratio of under \$1 means that trading activity has left the stock undervalued on the exchange.

Government funds will pour into Maxar Technologies over the next decade in the form of grants, contracts, and important business deals. The space race holds significant implications for national security interests, globally. Maxar will be a top performer on the TSX in 2020 due to its strong relationships with the Canada Space Agency and NASA in the United States.

## Firms with negative EPS surprise investors

Companies during heavy investment periods are bound to report negative earnings per share (EPS). Thus, large, negative earnings are not necessarily anything to worry about. In the case of Maxar Technologies, the TTM diluted EPS is negative \$14.92.

Stocks reporting negative EPS can sometimes surprise analysts. **Shopify** and **Tesla** are two examples of firms whose stock prices soar, even as they report mounting losses. The TTM diluted EPS on Shopify and Tesla are negative \$1.15 and negative US\$4.77, respectively. Yet, the enterprise values of both firms are outrageous at a respective \$68.77 billion and US\$112.92 billion.

The enterprise value of Maxar Technologies is only \$4.81 billion. Between these three stocks, I'd be more likely to recommend the undervalued Maxar Technologies over Shopify or Tesla (especially since Maxar is the only one out of the three that pays a dividend!).

## CATEGORY

1. Dividend Stocks
2. Investing
3. Stocks for Beginners
4. Tech Stocks

## **TICKERS GLOBAL**

1. NYSE:MAXR (Maxar Technologies)

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## **Date**

2025/08/25

## **Date Created**

2020/01/30

## **Author**

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