



TFSA Investors: 3 Canadian Growth Stocks for Your 2020 Portfolio

Description

The contribution limit for the Tax-Free Savings Account (TFSA) stands at \$6,000 for 2020. As all withdrawals from the TFSA are tax free, it makes sense to allocate high growth investments to this account. Here we look at three such Canadian growth stocks that can crush market returns in 2020 and beyond.

Absolute Software

Absolute Software (TSX:ABT) is a Canadian-based company engaged in the development of endpoint security and data risk management solutions.

It has a SaaS (software-as-a-service) business model and offers solutions such as Absolute DDS (Data and Device Security), enabling customers to secure endpoints, assess risk and respond to these security threats.

The increasing number of cyberattacks will benefit Absolute Software. Analysts expect company sales to rise by 5.8% to \$104.68 million in 2019. This growth is expected to accelerate to 7.1% in 2020.

Analysts also expect earnings to increase by 16.7% in 2019 and 14.3% in 2020. Absolute Software is valued at 4 times 2019 sales with a forward price to earnings multiple of 40.4 which might be considered expensive.

However, the company [has over 12,000 customers](#) (and growing) around the globe with steady subscription sales. It has also experienced double-digit growth in the enterprise and government business verticals in the most recent quarter. Absolute Software stock has gained 15.4% in the last 12 months.

Savaria Corp.

Savaria Corp. ([TSX:SIS](#)) offers a range of stair lifts, platform lifts, residential and commercial

elevators. The stock has been a solid wealth creator for investors. Savaria stock has returned 185% in the last five years. However, it has underperformed markets in the last 12-month as shares have slumped 7.2%.

Savaria Corp. has grown earnings by an annual rate of 19% in the last 10 years. Analysts expect company sales to grow 31.2% to \$375.17 million in 2019 and 6.2% to \$398.45 million in 2020. The growth drivers for Savaria remain intact.

The company is well poised to benefit from Canada's aging population, increasing demand for products such as stair lifts, wheelchair lifts, and elevators. Savaria acquired Garaventa Accessibility in August 2018 to gain traction in European markets. This acquisition helped Savaria [increase European sales by a significant margin](#).

Savaria Corp stock has a forward price to earnings multiple of 22. Comparatively, the company is expected to increase earnings by 22% in 2019 and 25% in 2020. We can see that Savaria Corp is reasonably valued especially considering an attractive dividend yield of 3.4%.

Score and Gaming

Score and Gaming (TSXV:SCR) is another domestic growth company that is focused on mobile gaming and betting space. SCR's mobile app is theScore, a multi-sports, news and data platform.

The new betting legislation in the United States will be a key driver for Score and Gaming's top-line growth. The betting application is up and running in New Jersey and is looking to penetrate other markets south of the border. Score and Gaming recently raised \$40 million from Fengate Asset Management to fund growth in the betting business.

Analysts expect company sales to rise by 19.3% in fiscal 2020 and by 64.1% in 2021. SCR has a market cap of \$261 million and is valued at 7 times forward sales. The stock has gained 111% in the last 12-months, easily outperforming broader markets.

CATEGORY

1. Investing
2. Tech Stocks

TICKERS GLOBAL

1. TSX:ABST (Absolute Software)
2. TSX:SIS (Savaria Corporation)

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