



TFSA Investors: 2 Canadian Stocks That Can Double Your Wealth in 2020

Description

When it comes to creating wealth, investors need to have a solid portfolio of growth stocks. While large-cap companies are safe as they have a low beta, robust cash flows, and strong fundamentals, they tend to generally perform in line with the broader market.

Growth stocks, on the other hand, can create massive investor wealth. They tend to trade at a premium valuation due to high growth metrics. This means growth stocks generally crush market returns in a bull run, but they also grossly underperform the broader markets in a sell-off.

Here we look at two such Canadian companies that can be wealth creators for long-term investors.

Real Matters

While most growth stocks trade at a premium, **Real Matters** ([TSX:REAL](#)) might be undervalued despite a 237% gain in the last 12 months. I had first identified Real Matters as a value pick [back in September 2019](#) and the stock is up 52% since then.

Real Matters is a Canada-based technology company. It is an independent provider of mortgage title and closing services in North America and offers a cloud-based technology platform to generate insights into commercial and residential property data.

The Real Matter platform optimizes management of the real estate lifecycle process such as title search, mortgage closing, insurance inspections and more.

Real Matters sales fell from \$303 million in 2017 to \$281 million in 2018, and then rose to \$323 million in 2019 and is estimated to reach \$409 million in 2020 and \$433 million in 2021.

Real Matters has a market cap to forward sales ratio of 2.38 and a forward price to earnings multiple of 35.6. The stock is trading at an estimated five-year PEG ratio of 0.5, which indicates significant upside potential especially if the broader market continues to touch record highs.

Real Matters has valued the total addressable market at USD \$13 billion. It continues to expand the customer base and has 60 of the top 100 mortgage lenders in the United States as clients.

In the fiscal first quarter of 2020 (ending in December), Real Matters sales surged over 70% year over year driven by solid growth in the U.S. markets.

Company CEO Jason Smith stated, "The U.S. mortgage market was robust in the first quarter, led by a significant year-over-year increase in refinance volumes."

He added, "Our continued top performance ranking with U.S. appraisal clients led to stronger than anticipated market share gains with some of our largest clients, which bolstered our first-quarter revenues."

Lightspeed POS

Another Canadian growth stock is **Lightspeed POS** ([TSX:LSPD](#)). The company went public in March 2019 and has since more than doubled investor returns. The company that offers hardware and software assistance to retailers and restaurants and helps them streamline point-of-sale activities.

Lightspeed recently announced its fiscal third quarter of 2020 results and [missed consensus estimates by a huge margin](#). However, long-term investors should not be concerned about the company's profit margins.

Tech companies generally sacrifice profitability for growth, as it's all about capturing market share and expanding the top line.

Lightspeed has missed consensus earnings estimates in each of the four quarters by a huge margin. However, the company has increased sales from \$57.1 million in 2018 to \$77.5 million in 2019.

Analysts expect LSPD sales to reach \$120 million in 2020, \$189 million in 2021 and \$272 million in 2022.

LSPD solutions are available at 74,000 locations and the company aims to be a market leader in the highly fragmented and complex SMB (small and medium-sized businesses) space.

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2. TSX:REAL (Real Matters Inc.)

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Date

2025/09/29

Date Created

2020/02/15

Author

araghunath

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