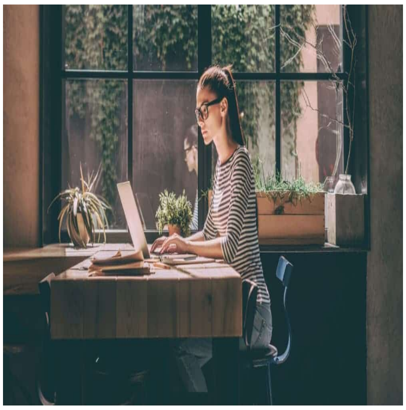


TFSA Investors: Like Shopify (TSX:SHOP)? Buy This Growth Stock!

Description

By buying growth stocks in Tax-Free Savings Accounts (TFSAs), investors can save tonnes of taxes on the huge capital gains when they inevitably sell shares for their unique uses.

Shopify (TSX:SHOP)(NYSE:SHOP) stock has demonstrated extraordinary growth. There's no doubt about it.

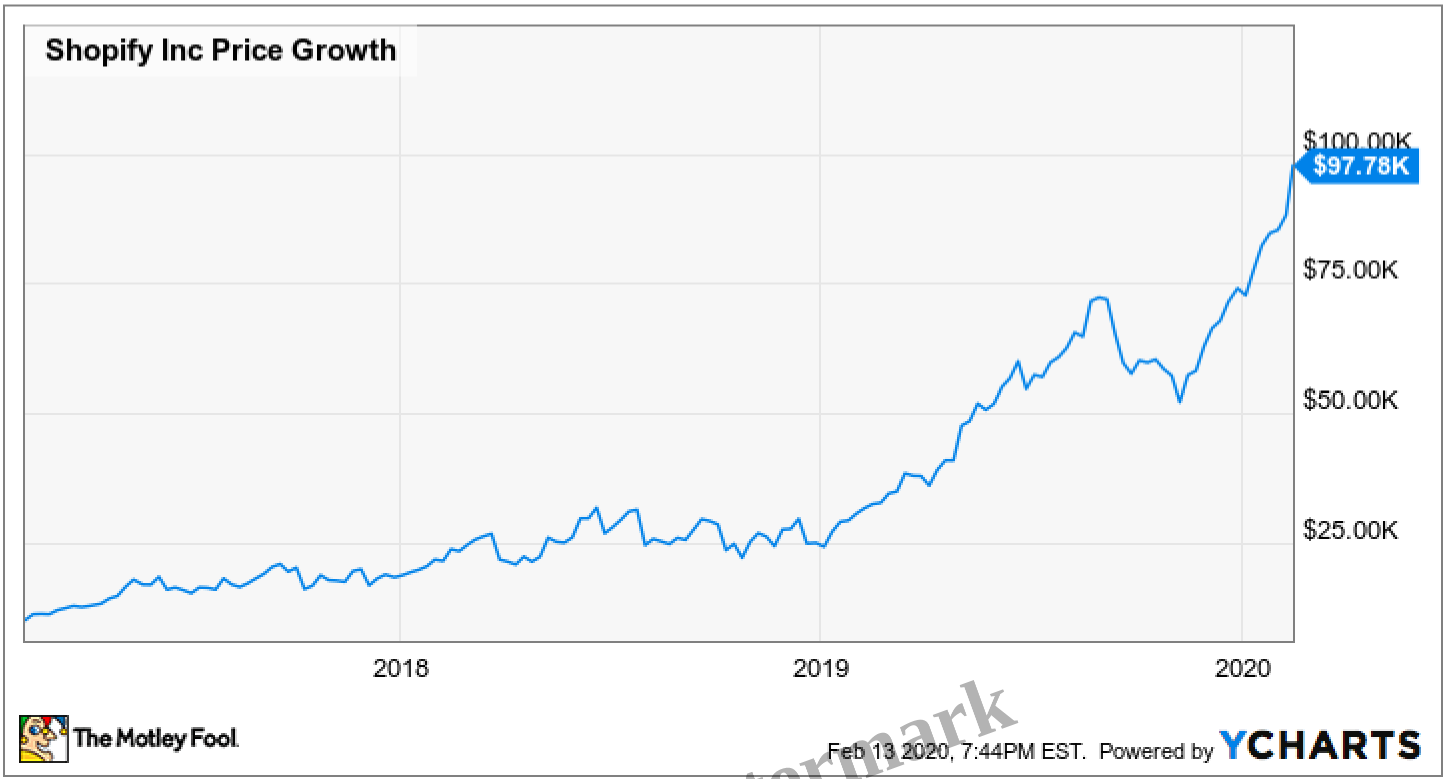
It allows entrepreneurs and businesses of any size to sell using one commerce platform through different channels and devices, including on the businesses' online stores, **Amazon**, **Facebook**, in brick-and-mortar stores, and even in pop-up shops.

Importantly, Shopify provides all the back-end tools that are needed as well: payments system, marketing, analytics, apps, inventory and fulfillment, order management, etc.

In a world where some retailers are having trouble staying afloat (not to even mention growing revenues), it's a wonder that Shopify was able to increase its revenue by 47% in 2019 against 2018.

Shopify offers four types of plans for its merchants, depending on which stage they're at in their businesses. From the Basic plan that charges US$29 a month to the Shopify Plus plan that charges more than US$2,000 a month. Its total addressable market from small- and medium-sized businesses alone is more than US$78 billion, which excludes early-stage entrepreneurs and enterprises.

The growth stock has been a joy to own for its shareholders. It has been a super multi-bagger. In merely three years, it turned a $10,000 investment into nearly $100,000, as shown in the graph below.



SHOP data by YCharts.

That said, Shopify stock does come with volatility. Take, for example, the short-seller attacks on the stock.

Another top growth stock to own

Brookfield Asset Management (TSX:BAM.A)(NYSE:BAM) is another extraordinary growth stock that's a good choice to diversify away from Shopify. You can depend on BAM to grow your wealth for decades.

The growth stock has more than doubled since 2016 with incredible growth and price appreciation in the last year or so.

Essentially, BAM is a top global alternative asset manager in the areas of real estate, infrastructure, renewable power, private equity, and, most recently, credit.

In 2019, its fee-bearing capital doubled to US$290 billion. Its acquisition of the 61.2% interest in Oaktree Capital Management in September 2019 contributed a big boost. Similarly, its fee revenues have doubled to hit an all-time high of US$3 billion.

BAM generated funds from operations (FFO) of about US$4.2 billion last year, down 5% from last year. However, that's misleading because 2018 had higher disposition gains.

On excluding disposition gains (which was only 58% of 2018's amount), FFO from operating activities, which better describes the underlying business performance, actually increased 15% year over year.

Notably, BAM appears to be able to easily raise capital from the financial markets and find attractive investment opportunities to deploy the capital. In 2019, it raised more than US$30 billion and was able to invest a similar amount.

More growth is coming! It has lots of liquidity — specifically, about US$65 billion of capital that can be deployed to be invested in diversified real assets around the world.

The company has a strong balance sheet. Particularly, it has corporate debt of about US$7 billion with an average remaining term of 10 years and a corporate-debt-to-market-cap ratio of only 9%.

Investor takeaway

Shopify has an innovative culture, and Brookfield Asset Management is an incredible capital allocator. Additionally, they will continue to benefit from megatrends that should drive the growth stocks higher over the next 10 years.

You can't go wrong by buying their shares on dips in your TFSA and holding for the long run.

CATEGORY

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

TICKERS GLOBAL

1. NYSE:BN (Brookfield Corporation)
2. NYSE:SHOP (Shopify Inc.)
3. TSX:BN (Brookfield)
4. TSX:SHOP (Shopify Inc.)

PARTNER-FEEDS

1. Business Insider
2. Msn
3. Newscred
4. Sharewise
5. Yahoo CA

Category

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

4. Tech Stocks

Date
2025/08/24
Date Created
2020/02/15
Author
kayng