



Shopify (TSX:SHOP) Is a Wonderful TFSA Buy After Great Q1 Earnings

Description

There are two certainties in life: Death and [taxes](#). We might want to consider adding a third to the list: **Shopify Inc.** ([TSX:SHOP](#))([NYSE:SHOP](#)) and its continuous growth, despite all odds.

Analysts and investors were already expecting a positive report from Shopify's Q1 earnings report from fiscal 2020. However, nobody could have predicted how well the situation would turn out for Shopify back in March.

Shopify did not just beat analyst expectations for revenue growth; rather, it knocked them out of the park with a 47% year-over-year growth in earnings.

While it was only positive news from the e-commerce behemoth, there was a word of caution from the company. Shopify stated in its report that it is not sure how sustainable the consumer spending levels will be in this hostile economic landscape.

Remarkable growth stock

Revenue growth is the name of the game in the current market. With businesses experiencing drastic losses across the board, those that can increase income can conquer the uncertain market.

It's next to impossible to find companies that can report an increase in revenue in the same period compared to last year. Shopify shows us that it's not impossible.

Shopify is *the* company to look upon and gaze in awe right now. The stock's performance is astounding in every regard. This earnings season will deliver disappointing news to most investors, but Shopify shareholders will continue to rejoice.

Shopify reported a fantastic 62% new store growth, but that might not be possible as the economy prepares itself to open up. There might even be a chance for a slight pullback in Shopify shares. If you are planning to buy the stock, it would not be a bad idea to wait for a possible decline so you can buy on the dip.

Buy and forget

Shopify is increasingly showing us why it is a stock that you can buy and hold forever. No longer a stock that shareholders might even think of selling, Shopify has become an integral part of the tech sector on the **TSX**. The Shopify stock is trading for \$1,016.31 per share as I write this. It is up by 91.73% from its share price at the start of the year and it's only May!

The barrier to entry is quite high, indeed. However, Shopify shows no signs of slowing down, and it might be the right time to increase your position in the stock. Perhaps consider buying the shares in stages until you feel like you have reached an adequate position in the stock. Beyond that, it's a matter of settling in comfortably as you watch its capital gains in the coming years.

Shopify is not simply a new fad or a slightly intriguing innovation in technology that you might lose interest in. The e-commerce company represents the future of retail. Given the [horrible condition of the stock market](#), Shopify has had an unbelievable quarter.

Foolish takeaway

While it is unlikely that Shopify might replicate the performance of its previous quarter again, it is cementing its position as a forever stock. The company's reaction to the pandemic shows us that it has excellent defensive characteristics. It benefits from low overhead costs, increasing demand for its service, and simple technology.

Buying Shopify shares should be something on the agenda for you regardless of your inclination towards the tech sector. Buying and holding the stock in your Tax-Free Savings Account (TFSA) can see your wealth grow free of capital gains tax for years to come.

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Author

adamothman

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