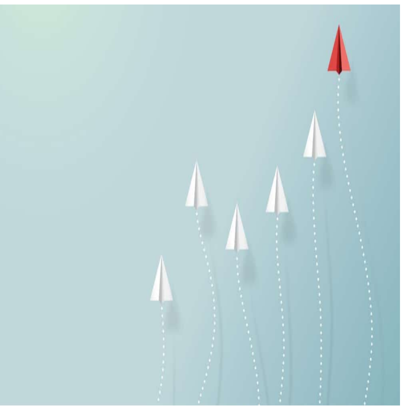

TFSA Wealth: 3 Super Growth Stocks

Description

The March market crash presented a huge opportunity for investors of all stripes. There was a huge opening here for Tax-Free Savings Account (TFSA) investors as many top growth and dividend stocks plunged into discount territory.

The **S&P/TSX Composite Index** was down in the triple digits in mid-afternoon trading on May 13. United States indices were also on the backslide in response to negative comments from Federal Reserve Chairman Jerome Powell.

Super growth stock in tech: Kinaxis

In the middle of April, I focused on **Kinaxis** (TSX:KXS). The Ottawa-based supply chains and operations software company has been one of the most explosive growth stocks on the **TSX** over the past two months. Shares were up 60% in 2020 as of close on May 13. The company released its first quarter 2020 results on May 6.

Profit and adjusted EBITDA fell 20% and 6%, respectively, from the prior year. However, total revenue rose 15% to $52.7 million and cash from operating activities increased 12% to $20.9 million.

Kinaxis reiterated its FY 2020 guidance, as it expects SaaS growth of between 23-25%. This is a promising sign given that many companies have been forced to withdraw guidance in this crisis.

Last summer, I called Kinaxis the most underrated IPO of the previous decade. The stock has gained significant momentum in 2020. While Kinaxis looks great in the long term, value investors may still want to wait for a more attractive entry point.

Shares sport a sky-high price-to-earnings ratio and price-to-book value. Moreover, the stock last had an RSI of 70 putting it in technically oversold territory. While I still love this growth stock going forward, now may not be the time to pull the trigger.

Financial alternative: goeasy

Financials are the heaviest weighted sector on the TSX. Unsurprisingly, they have taken a big hit because of the COVID-19 pandemic. However, this alternative financial services firm is well-suited to weather the pandemic. The company offers high-interest loans to subprime borrowers.

Moreover, it provides furniture and other durable goods on a rent-to-own basis. Shares of **goeasy** (TSX:GSY) have dropped 36% over the past three months. However, the stock has climbed 21% week over week.

In its Q1 2020 results, the company saw its loan portfolio rise 33% year over year to $1.17 billion. Revenue climbed 20% to $167 million. Diluted earnings per share increased 20% to $1.41. Overall, this quarter represented the 75th consecutive quarters of positive net income. Better yet, goeasy still offers great value.

Shares last had a P/E ratio of 10 and a P/B value of 1.9. The stock is still trading at the lower end of its 52-week range. It also offers a quarterly dividend of $0.45 per share, representing a 3.8% yield. The company has delivered dividend growth for six consecutive years.

Another top stock: TMX Group

The final growth stock I want to look at is **TMX Group**. This company operates exchanges, markets, and clearinghouses for capital markets in Canada and worldwide. Its shares have increased 13% in 2020 so far.

Markets took a massive hit in March, but central banks around the world responded with unprecedented monetary support. The past decade has seen an acceleration of the financialization of economies in the developed world. TMX Group is well positioned to benefit from a trend that will continue in the 2020s.

In Q1 2020, TMX Group reported revenue growth of 12% to $220 million. Adjusted diluted earnings per share increased 18% to $1.53 and cash flows from operating activities climbed 50% to $79 million.

TMX Group last declared a quarterly dividend of $0.66 per share, which represents a modest 2% yield.

CATEGORY

1. Investing
2. Tech Stocks

TICKERS GLOBAL

1. TSX:GSY (goeasy Ltd.)
2. TSX:KXS (Kinaxis Inc.)
3. TSX:X (TMX Group)

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