



If You Did This With Your TFSA Contribution in 2020, You Would Have Gained \$10,298

Description

The equity market witnessed large swings in the first half of 2020, making investing in stocks tough. The stock market bottomed in March, as the COVID-19 outbreak stalled almost all forms of economic activities. Despite the sharp fall, the benchmark index recovered most of its losses and is down about 7% year to date.

Amid the heightened volatility in the market, those who invested their Tax-Free Savings Account (TFSA) contribution in **Shopify** at the beginning of the year are sitting on huge gains.

The TFSA contribution for 2020 is limited to \$6,000. If you'd invested that amount in Shopify stock, which is up about 172% year to date, you would be sitting on a tax-free profit of nearly \$10,298.

I've stressed upon the fact that investors shouldn't treat their TFSA as a general savings account and hold cash in it. Instead, consistently investing in top TSX stocks would help in [maximizing their tax-free gains](#).

While shares of Shopify are on a tear in 2020, other tech stocks have also performed exceptionally well this year. For instance, shares of **Kinaxis**, **Real Matters**, and **Docebo** are up about 109%, 141%, and 144%, respectively, on a year-to-date basis. Your TFSA investment in any of these top TSX tech stocks would have doubled this year.

Boost your TFSA portfolio

If you think you have missed the opportunity to earn big with Shopify stock, consider buying the shares of **Absolute Software** (TSX:ABT). Shares of Absolute Software are up over 66% this year and have ample room for further growth. Besides, the stock is trading at a discount, which presents a good entry point at the current levels.

Remote work, e-learning, and rapid shift of businesses online amid the rising COVID-19 cases are pushing the demand higher for endpoint security software and services. The favourable industry trend

is acting as a significant tailwind for Absolute Software.

The company's contract value base has consistently grown over the past several quarters. Meanwhile, its recurring revenues remain high, thanks to the steady growth in the contract value base. Absolute Software is debt-free, has a high [customer retention rate](#), and benefits from the absence of direct competitors.

Its fundamentals remain strong and provide the underpinning for significant growth in the future. Absolute Software is witnessing increased demand from the enterprise and government verticals. Meanwhile, its education vertical could see an uptick in demand with a sizeable shift towards distance learning.

Absolute Software stock looks attractive at the current levels. Its stock is trading at a next 12-month EV-to-sales ratio of 3.8, which is below the industry average of 4.3. Meanwhile, its next 12-month price-to-cash flow ratio of 21.1 is also lower than the industry average of 25.3.

Besides its low valuation, Absolute Software stock also offers a decent dividend yield of 2.2%. Investors could expect their payouts to grow in the future, thanks to its ability to generate strong earnings and cash flow.

With its low valuation and strong growth prospects, Absolute Software stock should be part of your TFSA portfolio.

CATEGORY

1. Coronavirus
2. Dividend Stocks
3. Investing
4. Tech Stocks

TICKERS GLOBAL

1. TSX:ABST (Absolute Software)

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