



TFSA Investors: 2 Under-the-Radar Stocks That Could Double Your Money

Description

After the devastating blows between the oil price crisis and the onset of COVID-19, the **S&P/TSX Composite Index** is on a path to a gradual recovery. At writing, it is down just 8.54% from the start of the year. Considering that it dropped more than 34%, its recovery in the last three months has been a fantastic surprise.

As an investor, you can expect the volatility to continue. Many high-quality stocks are not as affordable as they became during the sell-off frenzy. Several stocks trading on the TSX even seem to be in overbought territory.

However, it does not mean value investors do not have opportunities. You can still buy shares of companies with [high-growth potential](#). I will discuss two stocks that are flying under the radar. They can be valuable additions to your Tax-Free Savings Account (TFSA) for monumental long-term gains.

Real Matters ([TSX:REAL](#)) and **Absolute Software** (TSX:ABT) are both tech stocks that are already on a high-growth momentum but are undervalued due to being low-key players in the market.

Real Matters

Real Matters caught every tech investor's attention when it rose by more than 260% between December 2018 and December 2019. However, it is a stock that many investors do not know about. While these are remarkable gains, [Shopify managed to dwarf](#) all other tech stocks with its incredible growth.

Real Matters is an exciting tech company. It provides software solutions for the real estate sector. It builds platforms that help insurance and mortgage underwriters do their job better. The company's operations within Canada may be slowing down, but its work in the U.S. keeps expanding. Sales for its services grew 14% for appraisals and 26% for titles. Its revenue grew by more than 14% last year.

The company is responsible for one-fifth of the U.S. market for appraisal software. It expects to experience a further 20% growth in the next 12 months. At writing, its forward price-to-earnings ratio is

40.9, which is justified for its rapid expansion.

Absolute Software

While not an absolutely high-flying tech company, Absolute Software is not a minnow. A fairly valued and high-yield, dividend-paying stock in the tech sector, it is a cybersecurity provider for enterprise-level companies. It enjoys a decent position in the industry for the crucial role it plays.

The software company estimated that between 2012 and 2022, large corporations will spend roughly US\$134 billion on improving the protection measures for critical data — virtually double the spending in a decade.

Absolute provides security measures at the endpoint level. It means it provides security to the devices being used by employees of companies, including smartphones, laptops, and tablets. Its focus on the endpoint security has allowed Absolute to carve out a valuable \$32 billion niche for itself in the market.

In the last 12 months, Absolute generated \$98.9 million in earnings, and more than 95% of the income was from recurring clients. The company's share price has doubled since the March 2020 bottom, and it seems like Absolute has a long way to go before it slows down.

Foolish takeaway

If you are looking to revamp your TFSA portfolio, I would advise allocating some of the contribution room to growth stocks and reliable dividend payers. Having safe and boring stocks like **Fortis** always remains a must for capital protection. However, adding shares of companies like Real Matters and Absolute Software substantially bolsters the short- and long-term growth of your portfolio.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:ABST (Absolute Software)
2. TSX:REAL (Real Matters Inc.)

PARTNER-FEEDS

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

Category

1. Dividend Stocks
2. Investing

Date

2025/09/06

Date Created

2020/07/15

Author

adamothonman

default watermark

default watermark