



2 Stocks With Wide Moats for Your Tax-Free Savings Account

Description

One of the primary benefits of investing in stocks through your Tax-Free Savings Account (TFSA) is, you get to keep all of the profits and dividends, as it is tax-free. Meanwhile, if your TFSA portfolio has stocks with formidable moats, the probability of generating exceptional tax-free returns gets a significant boost.

Here are two such stocks that have a significant advantage over peers and are likely to multiply your investments over time.

Shopify

Shopify ([TSX:SHOP](#))([NYSE:SHOP](#)) has two sustainable advantages that could continue to push its stock higher over the next several years. First, the rapid shift of businesses moving online through Shopify's platform provides a strong tailwind. Second, Shopify's ability to evolve creates long-term growth opportunities.

With pandemic in the background, the pace of businesses shifting to the omnichannel platform has accelerated, benefitting Shopify significantly. Meanwhile, the trend is likely to sustain, even after the pandemic is over, which provides ample growth opportunities.

Meanwhile, Shopify has evolved from merely offering its platform to businesses in transitioning online. The company continues to add new sales channels, provides fulfillment services, and offers business funding. Alongside, inventory management and analytics support remain a hit among merchants. Its evolution has [significantly driven the number of merchants](#) enrolling on its platform.

Overall, Shopify is in a sweet spot with strong growth catalysts that should propel its stock higher and boost your tax-free gains.

Park Lawn

Park Lawn ([TSX:PLC](#)) might not be on your radar but is among those unknown TSX stocks that could yield huge returns for our TFSA portfolio. The company has several catalysts that continue to fuel double-digit growth in its sales, EBITDA, and earnings.

The company provides funeral services and operates in an industry that is highly fragmented and yet benefits from high barriers to entry. The zoning laws (primarily in cemeteries) and pricing pressure on smaller players give Park Lawn an edge over peers.

Its low leverage profile and appetite for acquisition further helps the company to crush the competition and accelerate its growth.

For those who don't know, Park Lawn's top-line, EBITDA, and net earnings have been growing at an astounding rate over the past several years. Meanwhile, in the [most recent quarter](#), its revenues increased by 47.5%. Strong top-line growth and operational efficiencies drove its bottom line higher, which marked a 42% growth year over year.

The company's strategic acquisitions, ageing North American population and presence in regions with high cremation rates provide a strong underpinning for a massive rally in its stock. Despite its growing scale, Park Lawn's cost optimization continues to help the company to generate profitable growth.

Investors should note that Park Lawn also offers a monthly dividend that translates into a decent annualized yield of 1.8%.

Bottom line

Both these Canadian companies have strong fundamentals, competitive advantages, and a business that could continue to grow at a stellar rate over the next decade. Investing in these stocks through your TFSA would be a smart move to accumulate tax-free wealth.

CATEGORY

1. Dividend Stocks
2. Investing
3. Tech Stocks

TICKERS GLOBAL

1. NYSE:SHOP (Shopify Inc.)
2. TSX:PLC (Park Lawn Corporation)
3. TSX:SHOP (Shopify Inc.)

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