



TFSA Investors: \$10,000 in These 2 Stocks Could Help You Buy a House

Description

The Tax-Free Savings Account (TFSA) really shines when you have immense capital gains. Since all capital gains in the account are tax insulated, I believe younger investors with an appetite for risk should use the opportunity to bet on some hyper-growth stocks.

Stocks that can turn \$10,000 into \$100,000 in relatively little time could help you place a downpayment on a house! Plenty of famous tech stocks have delivered this 10-fold gain in recent years. Here are some smaller, lesser-known ones that could potentially do the same.

Grow your TFSA

Stocks that can deliver 10-fold returns usually have a few things in common. For one, they're usually innovative tech companies trying to disrupt massive industries. **Andlauer Healthcare Group** ([TSX:AND](#)), for example, is trying to disrupt the most obscure market niche: medicine logistics.

The company provides supply chain management software focused on third-party logistics and delivery solutions for the healthcare sector. In other words, it makes it easier for medical institutions to purchase, track, and manage medical inventory.

It's a multi-billion-dollar industry that is growing an annualized pace of 7.9%. Andlauer stock has already doubled since its initial public offering. Now, my Fool colleague Ambrose O'Callaghan believes the stock [could deliver a 10-fold return](#) in just a few years.

Legal returns

Another software stock with 10-fold potential for your TFSA is **Dye & Durham** ([TSX:DND](#)). Like Andlauer, D&D is focused on a niche that is crying out for disruption: law firm operations.

D&D's software solutions have already been adopted by the 20 largest legal firms in the country. In fact, the company recently reported 25,000 total client accounts and an average contract deal for 16.6 years. In other words, the software solutions are essential enough for companies to adopt them for several years.

Surprisingly, the high-margin and sticky nature of the business model isn't reflected in the stock price. D&D's stock currently trades at just 1.7 times annual sales. That's remarkably low for any tech firm in this environment. That could make it the perfect fit for your TFSA.

Caveats

While betting on small, hyper-growth tech stocks in your TFSA could deliver stunning returns, it could also work the other way. Losses in your TFSA are magnified by the fact that your tax-free shield is permanently compressed by the amount of your loss.

Since your annual TFSA contribution limits are fixed, the only way for you to recover from a loss in a risky tech stock is to bet on another robust growth stock. That's a tricky strategy that doesn't always work out as planned. This is why I recommend devoting just a small amount (up to \$10,000) of your total TFSA to any speculative tech bet.

Foolish takeaway

TFSA investors could bet on hyper-growth tech stocks to quickly multiply their wealth. Several tech stocks have delivered 10-fold gains in recent years. That means a \$10,000 investment in the right stock could turn into a sizable downpayment on a house within a few years.

I'm watching emerging tech challengers like Dye & Durham and Andlauer Healthcare Group for such potential.

CATEGORY

1. Investing
2. Tech Stocks

TICKERS GLOBAL

1. TSX:AND (Andlauer Healthcare Group Inc.)
2. TSX:DND (Dye & Durham Limited)

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