2 Bulletproof Stocks Perfect for Young TFSA Investors

Description

Young TFSA investors should embrace volatility and seek to go against the grain with certain attractively valued growth stocks that have taken several steps back over the last two weeks.

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While there remain pockets of severe overvaluation in this market that have yet to be corrected, there are also cheap growth names out there that are like babies that have been thrown out with the bathwater. Sure, growth and momentum stocks may have taken a backseat in recent weeks. Still, the following misunderstood stocks, I believe, are already trading at a nice discount to their intrinsic value range, despite being still relatively close to their all-time highs.

Young TFSA investors: Don't miss out on these unstoppable market darlings

You don't need to pay whatever pie-in-the-sky multiple that Mr. Market is asking for at any given instance to grow your TFSA wealth at an above-average rate over time. Whenever pullbacks strike, you're given an opportunity to take advantage of a potentially short-lived mistake made by Mr. Market. Consider shares of **Cargojet** (TSX:CJT) and **CP Rail** (TSX:CP)(NYSE:CP), two momentum stocks that continue to outperform amid the pandemic.

Both transportation names, I believe, will continue exhibiting unstoppable momentum through 2020 and into mid-2021. They've both got a slate of profound tailwinds, their stocks are cheap relative to their respective growth profiles, and are must-buys if this broader market pullback worsens. Let's have a closer look at each name to see which, if any, is worthy of buying or adding to your pullback shopping list.

Cargojet: An unstoppable growth stock for fearless young TFSA investors

Cargojet is a freight-carrying airline that's continued to fly higher amid this pandemic, as the demand for its services has remained steady compared to the likes of its passenger-carrying peers that are currently under an unfathomable amount of stress.

Despite being a relatively small company, the firm has a wide moat in the form of its fleet of high-payout aircraft. Such a moat protects Cargojet's abilities to rake in economic profits over the long haul. So, although the stock may seem expensive at these heights, I think it'd be foolish (that's a lower-case *f*) to bet against the name, because it still has a ton of room to run, as the demand for e-commerce and overnight shipping continues surging through and out of this crisis.

Yes, Cargojet stock is expensive at 4.64 times sales and 6.8 times book value. Given the calibre of business you're getting and the profound tailwinds the firm is riding on, though, I'd say the high price of admission is justifiable, especially if you lack a pandemic hedge.

CP Rail: All aboard the profit train!

The Canadian economy crumbled like a paper bag in the first half of the year. As Canada attempts to recover the ground lost in the second half and going into 2021, the railways are going to need to do a tonne of heavy lifting.

CP Rail stock recently hit a fresh all-time high amid an agreement with Maersk to build a "world-class" transload and distribution facility. The facility is said to benefit customers in North America while being environmentally friendly. The agreement, I believe, makes an already powerful long-term growth story that much stronger.

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Now, CP Rail isn't immune from the COVID-19 impact, but compared to most other businesses out there, CP Rail is demonstrating tremendous resilience. Regardless of what happens next with this crisis, CP Rail is likely to continue flexing its margin muscles. Still, at nearly seven times sales, investors may wish to wait for a near-term pullback before initiating a position if they've yet to do so already.

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