2 High-Growth Stocks Worth Adding to Your TFSA Portfolio

Description

The equity markets worldwide are under pressure this month amid profit booking, concerns over a slowdown in the economy, and a rise in the COVID-19 infections. The uncertainty over the outcome of the United States presidential election has also contributed to the volatility.

Meanwhile, I believe these two companies have ample growth catalysts left in them, which could drive their stocks higher in the years to come. So, if you have not exhausted your Tax-Free Savings Account (TFSA) limit, then consider adding these stocks to the TFSA portfolio.

Lightspeed POS

Amid the pandemic-led lockdown, **Lightspeed POS** (TSX:LSPD)(NYSE:LSPD) shifted its business model to focus on providing omnichannel solutions by augmenting physical stores with online and digital strategies to meet the changing needs of its customers. These new offerings have not only helped the company in riding out this crisis but also has created a long-term tailwind.

Despite the high churn rate, the company has increased its customer locations from 75,500 in April to over 77,000. Also, its overall GTV (gross transaction value) witnessed a growth of 53% in June, driven by strong digital sales and recovery in the physical sales channels.

Last month, the company launched its eCom for Restaurant, which enables customers to reserve a table or order food online. It also helps Restaurateurs in enhancing their relationships with their customers. Also, the company recently raised US$330 million from an IPO in the United States. The management has stated that it will utilize the proceeds to strengthen its balance sheet and fund its growth programs.

Currently, there are around 190 players in the POS, payments, and e-commerce software market. So, the proceeds from the IPO will provide ample liquidity for the company to acquire its peers to increase its customer base and market share. So, all these initiatives could support the uptrend in Lightspeed POS stock.

Amid the recent selloff in tech stocks, the company currently trades at 18% lower from its 52-week high. So, this pullback has provided an excellent buying opportunity for long-term investors.

Cargojet

My second pick would be **Cargojet** (TSX:CJT), which provides air cargo services across 15 major Canadian cities and some specific international destinations. With an array of 26 aircraft, the company delivers over eight million pounds of cargo ever week. When the stocks of the passenger carriers are witnessing steep falls, the company is trading more than 80% higher for the year amid increased demand for its services.

In the first half of 2020, the company's top line has increased by over 39%, while its adjusted EBITDA rose over 88%. The surge in e-commerce sales drove the company's revenue, while the decline of B2B volumes amid the closure of non-essential businesses offset some of the sales growth.

The majority of the company's customers have signed long-term agreements for a guaranteed space and weight allocation on its network. Meanwhile, the company sells its remaining capacity on a need basis. So, the company's revenue streams and cash flows are mostly stable.

The air cargo business is a highly capital-intensive business, which provides a natural barrier for new entrants, thus preventing increased competition. Also, the company's unique overnight delivery and scale provide a significant competitive edge.

Currently, e-commerce sales form a small percentage of total retail sales, indicating a considerable scope for expansion. Also, customers now prefer to shop online due to health concerns. So, this shift towards digitization could increase the need for Cargojet's services, thus driving its financials and stock price.

CATEGORY

1. Investing
2. Tech Stocks

TICKERS GLOBAL

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2. TSX:CJT (Cargojet Inc.)
3. TSX:LSPD (Lightspeed Commerce)

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