Adding These 3 TSX Stocks to Your TSFA Would Be a Brilliant Move

Description

The Tax-Free Savings Account (TFSA) is an excellent investment tool for Canadian investors, as the returns on these investments are non-taxable. The Canada Revenue Agency has set the limit of $6,000 for this year. Young investors, who have a longer time frame, can invest in high-growth stocks to maximize their returns.

In this article, we will look at the three stocks that have a growing addressable market and can deliver multi-fold returns in the long run.

WELL Health Technologies

WELL Health Technologies (TSX:WELL), a technology company focusing on health care, has returned close to 400% this year. Meanwhile, since going public in April 2016, the company has delivered over 6,500% returns.

In March, it had launched a telehealth service, VirtualClinic+, which connects patients to doctors over digital channels. Amid the pandemic, many Canadians had turned to remote health care, increasing the company's second-quarter telehealth visits by 730% on a sequential basis to 124,800. Meanwhile, I believe the telehealth business would continue to thrive, even after the pandemic, given its convenience and accessibility.

Last month, WELL Health Technologies announced an agreement to acquire a significant stake in Circle Medical for approximately $23 million. The acquisition would allow the company to access the telehealth services in 35 states in the U.S., covering over 200 million Americans.

Apart from its telehealth business, the company has also expanded its electronic medical records (EMR) business to 2,000 clinics covering 10,000 physicians across Canada by the end of the second quarter. Given its robust growth potential, I believe the company would deliver multi-fold returns in the long run.

Goodfood Market

Goodfood Market (TSX:FOOD), which delivers fresh meal solutions and private-label grocery items, has benefited from the pandemic-induced lockdown. It has added 80,000 new subscribers in its fiscal 2020, which ended on August 31, to increase its subscription base to 280,000.

In the third quarter, which ended on May 31, the company, for the first time, reported a positive net income and adjusted EBITDA. Its revenue grew 74% to $86.6 million, driven by a higher subscription base and increased orders and basket sizes. Also, the expansion of its product offering and lower incentives contributed to the company's top-line growth.

Meanwhile, its adjusted EBITDA came in at $6 million compared to a $2.4 million loss in the previous year's quarter. Along with revenue growth, the decline in packaging and shipping expenses due to the improvement in operational efficiencies, investment in automation, and higher density deliveries drove its adjusted EBITDA.

The structural shift in consumers' behaviour towards online shopping could act as a long-term tailwind for Goodfood Market. Meanwhile, it has also launched a same-day delivery service, Goodfood WOW, introduced a new user-friendly ordering interface to enhanced customer experience and has expanded its fulfillment capabilities to meet the rising customers' demand.

Along with these initiatives, its strong subscription base and higher customer retention rate could drive its fundamentals. So, I am bullish on Goodfood Market.

Dye & Durham

Dye & Durham (TSX:DND) provides due diligence and corporate services through its cloud-based software solutions in Canada and the United Kingdom. Since going public on July 17, the company has delivered over 200% of returns. Its strong performance over the years has supported a surge in its stock price.

In the last four years, Dye & Durham's top line has grown at a CAGR of 65.2%, while its adjusted EBITDA has increased at a rate of 107%. Both acquisitions and organic growth have contributed to the company's growth. It has made 14 acquisitions since 2013. Also, it has over 25,000 clients and a low churn rate of 2%. The average tenure of its top 100 clients stands at 16.6 years. So, the company has a strong and loyal client base.

Meanwhile, the company's management estimates its addressable market in Canada and the United Kingdom to be $1.1 billion and $900 million, respectively. With its 2020 revenue coming at $65.5 million, the company has a massive opportunity for expansion. So, given its healthy growth prospects, strong performance over the years, and improving margins, I believe Dye & Durham to be an excellent addition to your TFSA.

CATEGORY

1. Investing

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2. TSX:FOOD (Goodfood Market)
3. TSX:WELL (WELL Health Technologies Corp.)

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