



## TFSA Investors: 1 TSX Stock That Can Turn \$6,000 Into \$120,000 by 2025

### Description

The Tax-Free Savings Account (TFSA) is a registered account that can be used to hold a variety of investments. According to the Canada Revenue Agency, any withdrawals from your TFSA in the form of capital gains, interests, or dividends are exempt from taxes.

This makes the TFSA an ideal account [to hold growth stocks](#) that have the potential to increase your wealth multi-fold. The TFSA contribution limit for 2021 stands at \$6,000 and let's see where you should invest this money right now.

### Hold EV stocks in your TFSA

One of the most lucrative sectors is the electric vehicle space. Companies in the EV sector have been on an absolute tear in 2020 as the global shift towards clean energy will remain a key driver for these companies. Shares of **Tesla** and **NIO** have surged by 616% and 971% respectively this year.

However, there is a Canadian EV manufacturer that has surpassed the year-to-date returns of both Tesla and NIO. Shares of **GreenPower Motor** ([TSXV:GPV](#))([NASDAQ:GP](#)) have generated 1,130% in 2020 which means it would have turned a \$6,000 investment into a staggering \$73,590 in less than one year.

GreenPower is targeting the medium and heavy-duty commercial EV market which is forecast to reach 50,000 vehicles annually by 2025. The company manufactures vehicles that comply with safety standards while focusing on cost savings. It [uses off-the-shelf components and subsystems](#) to lower these costs.

It owns an assembly factory in California and sells vehicles via Creative Bus Sales, the largest network of bus retailers in the U.S. GreenPower has the ability to improve profit margins at a faster pace than its revenue due to this asset-light model.

It has also spent just \$2 million in research and development costs since 2017 which is a fraction of the expenditure compared to other EV peers. GreenPower's low-cost advantage will depend on its sales

volumes as any competitor can replicate its offerings by purchasing similar subsystems and collaborating with its suppliers.

## GreenPower has multiple growth drivers

GreenPower is looking to gain significant traction in a niche market. The global market for commercial vans and buses are significantly smaller compared to that of EV cars. However, this might also mean less competition.

GreenPower sold 68 EVs in fiscal 2020, ended in March, worth \$13.5 million. Analysts expect its sales to grow by 48.3% to \$20 million in 2021 and by 154.4% to \$51 million in 2022. GreenPower is also forecast to improve its bottom-line from a loss of \$0.34 per share in 2020 to earnings of \$0.22 per share in 2022

A report from *Bloomberg New Energy Finance* has forecast the total market for commercial EVs at 1,600 units in 2020, indicating GPV has a market share of less than 10%. In case the company is able to maintain its market share, it might be able to sell 5,000 vans and 500 buses in 2025 which is 90 times its 2020 unit sales.

This also means GreenPower's sales might surpass \$1 billion annually by 2025. Its stock is currently valued at 23 times forward sales. In case GreenPower can reach the \$1 billion in annual sales and if it's valued at 10 times trailing sales in 2025, you can return over 2,000% in that period.

This suggests an investment of \$6,000 in GreenPower may rise to \$120,000 in the next four years.

### CATEGORY

1. Investing
2. Tech Stocks

### TICKERS GLOBAL

1. TSXV:GPV (GreenPower Motor Company Inc.)

### PARTNER-FEEDS

1. Business Insider
2. Koyfin
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