



If I Could Only Buy 1 TSX Stock, This Would Be it

Description

Finding one mega-winner can significantly change your life. For example, [putting \\$1,000](#) into **Netflix** stock at its IPO would be worth more than \$470,000 today. If that isn't convincing enough, a [\\$10,000 investment](#) at **Constellation Software's** IPO would be worth nearly \$1,000,000 today. Imagine what those positions would be worth if you were to buy shares even just once a year since those companies became public. In this article, I will discuss my highest-conviction growth stock.

If I could only buy one stock...

The industry that I see as having the most upside is e-commerce. I truly believe that we have only scratched the surface in terms of its adoption. In Canada, online sales accounted for just over 11% of all retail sales in April 2020. This was the highest level ever recorded, yet other regions such as the United Kingdom were seeing three times as much penetration. Areas like Africa are seeing an even lower penetration rate than we have in Canada, which illustrates the opportunity within e-commerce.

Because of this, I believe e-commerce-enabling companies should be a focus within all portfolios over the next decade. As a leader among all e-commerce-enabling companies, **Shopify** ([TSX:SHOP](#))([NYSE:SHOP](#)) would be my top choice among the TSX-listed companies.

Early investors have already seen incredible returns. Since going public in May 2015, Shopify stock has gained more than 4,700%. That means that its annual average return over that time is about 100%, as of this writing. In other words, on average, your position would have doubled every year since its IPO. A mere \$10,000 investment on its IPO date would be worth more than \$480,000 today.

The future is bright for Shopify

In addition to the low penetration rates mentioned earlier, there are many factors that make Shopify such an attractive company. First is its management team. Research has shown that founder-led companies typically outperform companies that are led by non-founders. This is even more true when the founding members own a large ownership stake in the company. Shopify satisfies both criteria. As

long as Tobi Lütke is running the show, I will remain very bullish on this company.

Second, Shopify's business model is exceptional. The company provides an attractive platform to businesses of any size. From the first-time entrepreneur to a large enterprise, all businesses will find products and services that benefit their operations. Customers are also incentivized to purchase more of Shopify's offerings as they find success over the years.

Third, Shopify's business is very heavily reliant on subscriptions. This makes the company much more attractive than those that rely on large, one-time purchases. In fact, Shopify's monthly recurring revenue has been reported to have increased every quarter since Q2 2014. At that time, the company reported a monthly recurring revenue of \$5.10 million. In Q3 2020, that figure had jumped to \$74.4 million. The recurring revenue totals that are possible with even higher e-commerce penetration rates is unfathomable.

Foolish takeaway

If I could only buy one TSX stock for the rest of my life, it would be Shopify. Even though the stock has already returned an incredible amount to early investors, I believe we are still much closer to the start of the e-commerce story than its end. I intend to keep adding to my position over time, and like-minded investors would be wise to consider the same.

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2. Tech Stocks

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