



TFSA Investors: 2 Recent IPOs You Should Hold

Description

When it comes to investing, there is so much more than simply buying and selling shares. Investors can also affect their rates of return by considering things such as tax consequences. For example, if you had held shares since **Shopify's** Initial Public Offering (IPO), your position would have grown [an incredible amount](#). However, much of these gains will have been lost due to taxes. If you held those shares in a Tax-Free Savings Account (TFSA), you would have been able to claim 100% of your gains.

In this article, I will discuss two recent IPOs that investors should consider holding in their TFSA accounts.

The world is becoming more digital

One way to find excellent growth stocks is to consider the direction that society is moving. In many aspects of life, things are becoming more digital. Because of this, the two companies mentioned in this article will follow that theme.

Investors can easily see this trend occurring within the enterprise space. Companies such as **BlackLine** (accounting), **Docebo** (training), and **Paycom** (payroll) are excellent examples of how companies are helping businesses become more digital. One of the lesser-known IPOs in Canada serves a similar role within the legal industry. **Dye & Durham** ([TSX:DND](#)) provides a cloud-based platform that helps automate many tasks within the industry including due diligence and document preparation, among others.

It operates in a very interesting space, claiming governmental bodies, law firms, and financial institutions as customers. Some of the notable names that use Dye & Durham's services include Fasken, Stikeman Elliott, and **Scotiabank**.

Since Dye & Durham's IPO in July 2020, the stock has already seen incredible growth. Investors have seen shares rise as much as 300% since it came public. Shares have currently slipped about 15% from their recent December highs. With an attractive entry point present, and a legal industry that looks ripe for disruption, TFSA investors should consider this future market beast for their next investment.

This industry will continue to grow in the future

Continuing with the digitization trend, investors should already be familiar with the potential that presents itself within the digital payments space. Companies like **PayPal** and **Square** have seen their stocks skyrocket since the start of the pandemic. This may have shown the management team at **Nuvei** ([TSX:NVEI](#)) that September 2020 was an excellent time for an IPO.

The company first made headlines around the country for being [the largest tech IPO](#) in **TSX** history. Through the initial offering, Nuvei was able to raise \$805 million. This is even more than Shopify was able to raise during its IPO in 2015.

Similar to Dye & Durham, Nuvei stock has already returned an impressive amount to investors since its IPO. Since September, Nuvei stock has gained as much as 70%. Currently, the stock is down about 17% from its recent highs. With the company continuing to close complimentary acquisitions, and a society that is increasingly turning towards digital payments, Nuvei appears like another no-brainer for your TFSA.

Foolish takeaway

Finding stocks that can produce very strong returns will certainly help investors achieve financial freedom. However, if investors also consider the tax consequences that come with certain investment accounts, they can help accelerate their gains much quicker. Holding excellent growth stocks like Dye & Durham and Nuvei in your TFSA can be an excellent way to reach your financial goals sooner than you expect.

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9. tech
10. tech stocks

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TICKERS GLOBAL

1. TSX:DND (Dye & Durham Limited)
2. TSX:NVEI (Nuvei Corporation)

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11. technology
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