



Turn Your \$6K TFSA Contribution Into \$300K in 5 Years with This Top TSX Stock

Description

Over the past five years, **Shopify Inc** ([TSX:SHOP](#))([NYSE:SHOP](#)) has been a 50-bagger. That's right, investors have gotten a 5,000% return with this stock in only five years. That is, those that actually stuck with this stock through the ups and downs.

This sort of tremendous growth is exactly the reason why this stock belongs in a [Tax-Free Savings Account \(TFSA\)](#) only. The tax advantages of not having to pay capital gains on a winner like this cannot be understated. The TFSA is well-suited for companies like Shopify. Those hoping for another 50-bagger over the next five years ought to consider buying Shopify in a TFSA. Putting this stock in one's brokerage account if one has room in a TFSA could be a costly mistake.

Growth, growth, and more growth

The market is on the hunt for this kind of outsized growth right now. Indeed, investors who have stuck with growth and momentum strategies in recent years have been well-rewarded. With central banks around the world remaining highly accommodative, this trend has lots of room to run.

Yes, valuations are in the nosebleeds. Yes, risks do exist. That said, if one is going to go the growth route, picking a company like Shopify that doesn't disappoint appears to be the way to go. Indeed, Shopify is a stock that continues to grow its way toward a reasonable valuation. Do I think these valuations may be getting ahead of the growth a bit? Yes. Do I think Shopify is a stock that has the ability to grow toward a reasonable valuation long-term? Yes, as well.

Secular trends strong

I think Shopify's growth potential is going to continue to be driven by incredibly robust secular trends. E-commerce is the go-to sector right now. Indeed, this pandemic has created an environment where online shopping is the only way for many business to survive. For those who believe this recovery may take longer than expected, Shopify may actually benefit from such a scenario. In that way, this could be looked at as a slightly defensive stock in the context of growth names in big tech right now.

Additionally, I think the company's recurring revenue model is attractive. Additionally, I think the market is likely to continue to favourably view this business model moving forward. Growth is one thing, but growth supported by recurring cash flow is an entirely different thing.

Indeed, these two secular drivers are ones I think could propel this stock even higher in 2021. Risks do exist, so trade carefully. That said, buying high-quality growth on the dips has proven to be a great strategy through the pandemic. If we see more weakness on the horizon, it could be a great time to pick up shares of Shopify.

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