



3 Reasons Why LSPD Stock Remains a Top Buy for Your TFSA

Description

The Tax-Free Savings Account (TFSA) is an extremely beneficial option for Canadians that can be leveraged by holding growth stocks. Any withdrawals from this registered account are exempt from Canada Revenue Agency taxes. So, if you earn income in the form of capital gains, interests, or even dividends, you will not have to pay taxes on these returns.

This makes the TFSA an ideal account to [hold growth stocks](#) such as **Lightspeed POS (TSX:LSPD)**([NYSE:LSPD](#)). Investing in quality companies that are growing the top line at a fast clip is a solid investment strategy, as they are well poised to outpace the broader markets over the long term.

The contribution limit for your TFSA in 2021 is \$6,000. There is a good chance if you stay invested in LSPD stock, you can grow your \$6,000 to \$60,000 within a few years. Basically, the TFSA allows you to generate significant tax-free income, especially if you buy and hold the right growth stock in your portfolio.

We'll look at why Lightspeed POS can be a winning buy for long-term investors.

Stellar revenue growth

Lightspeed POS disclosed its fiscal third-quarter 2021 results last month and reported revenue of US\$57.6 million, which was a growth of 79% year over year. The company's recurring software and payments sales soared by 85% at US\$52.5 million.

Now, Bay Street expects the company to grow sales by 73.7% to US\$209.6 million in fiscal 2021 and by 72% to US\$361 million in 2022.

LSPD continues to expand its customer base

Lightspeed's cloud-based platform aims to power small- and medium-sized enterprises (SMEs) in over 100 countries. Its solutions help restaurants and retailers sell across multiple channels, manage

operations, accept payments, and improve customer engagement.

LSPD has a highly diversified customer base in terms of geography, products, and services offered. It ended the December quarter with a customer base of 115,000. The company confirmed no single customer accounts for over 1% of total sales.

The fintech company continues to add new customers and expand its product portfolio that ensures a strong customer-retention rate.

Payments growth for LSPD

Lightspeed Payments, which is LSPD's payment-processing solution, was launched in early 2019. This solution is fully integrated with the Lightspeed platform, which has majorly enhanced its product offering.

Lightspeed Payments allows the company to monetize a greater portion of customer GTV (gross transaction volume) through its platform, thereby creating a significant opportunity to grow sales.

During the company's [earnings release](#), LSPD said, "Lightspeed Payments volumes grew significantly year over year as a growing portion of overall GTV was processed through Lightspeed Payments. Excluding the impact of ShopKeep and Upserve, approximately 15% of U.S. and 12% of Canadian Retail GTV, respectively, was processed by Lightspeed Payments in the last week of the quarter. U.S. hospitality levels remained consistent with last quarter in the last week of the quarter."

The Foolish takeaway

LSPD stock is trading at a market cap of US\$11.26 billion, which means its forward price-to-fiscal-2022 sales multiple is sky high at 31.2. However, growth stocks command a premium and generally trade at lofty valuations.

Lightspeed stock might lose significant market value if the broader market turns bearish. Alternatively, it also presents investors an opportunity to buy a quality stock at a lower multiple.

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2. Tech Stocks

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