TFSA Investors: If You've Got $1,000, Buy This 1 Stock Before it's Too Late

Description

Market crashes are some of the best times to buy good companies at great prices, but they are difficult to predict and even more difficult to plan for. The main problem most investors face when they are going through a market crash is the lack of liquidity on hand. This prevents them from making profitable purchases.

Compounding the problem is the fact that they can't create more liquidity by selling their existing stocks. Selling stocks low and sustaining a loss just to buy other stocks low will offset the potential benefits and neutralize the gains.

The next best thing investors can do is to buy discounted stocks whenever they have liquidity. And there is one stock that's still at a relative discount and poised for growth.

An air purification company

Xebec Adsorption (TSX:XBC) is a Quebec-based renewable gas company. It has been around since 1967, when it started out as a natural gas dehydration company. It graduated to purification in 1997. And now, Xebec is one of the most innovative "cleantech" companies in the country, and it has a decent global footprint. It has 65 renewable natural gas and 250 hydrogen installations around the globe.

Its international presence is geographically well balanced in North America, Europe, Asia, and Australia. The company produces renewable gases from a wide variety of sources, including animal manure, wastewater, food waste, agriculture waste, and landfill gas.

Xebec is at the forefront of clean gas technologies, making it well poised for growth in a greener future.

The stock

Xebec has come down a long way from its yearly spike. The stock was trading above $11 per share, and it's now down over 55% and is currently trading at $5 per share. The valuation is attractive enough, and the stock seems poised for recovery. There are a few reasons why, as a TFSA investor, you might consider investing your $1,000 in this company.

One reason is that even before the pandemic and the crash, Xebec was a powerful growth stock. Between 2017 and 2020, the stock grew by over 2,000%. After the crash, the growth pace spiked, but the stock has normalized, and it's quite near the valuation it *would* have been if there had been no market crash to mix things up.

Another reason for the drop is the company's first-quarter results. After suffering from one of the worst revenue quarters in the last three years, Xebec turned things around in the first quarter of 2020 and grew its revenues by 61%.

The final reason would be the business itself. It offers sustainable solutions, and since natural gas is a great "transitionary" and relatively cleaner fuel source as the world turns away from fossil fuel, Xebec is likely to become an important cog in the big machine.

Foolish takeaway

Xebec has a five-year CAGR of 98.8%, and that's *after* it has fallen from its peak. Even if the stock can grow at a fraction of its current pace (one-fourth, 24.7%), it can grow your $1,000 investment three times ($3,000) in the next five years. It grew over 36% last week, and if it's the begging of its recovery journey, you need to grab this opportunity now before it becomes too expensive to chase.

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