3 Canadian Growth Stocks to Double Your TFSA Faster!

Description

Canadians have the luxury of investing in growth stocks and earning market-beating gains completely tax-free thanks to the Tax-Free Savings Account (TFSA). One of the few limitations of the TFSA is an annual contribution limit, which is $6,000 in 2021.

The beauty of a TFSA is that gains can grow far higher than what the annual contribution limit it. For example, your $6,000 invested in 2021 could double by 2025. That $12,000 could then be withdrawn without paying any taxes at all. That's exactly why a TFSA is an excellent choice for anyone interested in owning growth stocks.

Investing in growth stocks

One of the main goals of investing in growth stocks is to earn market-beating gains, which means growth that outperforms what the broader market delivers, such as the **S&P/TSX Composite Index**.

Because growth stocks offer market-beating potential, they typically will come at a premium. Growth stocks also tend to have higher levels of volatility. So if you're interested in investing in high-growth companies, I'd suggesting having a time horizon of at least five years.

Here are two top Canadian growth stocks to consider adding to your TFSA this month.

goeasy

This Canadian stock might be one of the best-kept secrets on the **TSX**. It's crushed the market's returns ever since it became a public company and is trading at a bargain price.

Shares of **goeasy** (TSX:GSY) are up a market-beating 120% year to date and close to 800% over the past five years. And even with all that growth, shares are still only valued at a forward price-to-earnings ratio of not even 20.

A repeat performance over the next five years may be a lot to ask of this growth stock but I certainly wouldn't doubt its ability to continue generating market-beating gains for its shareholders.

goeasy is a consumer-facing financial services provider. Home and auto loans are two of the main areas of business for the company. In addition to loans, goeasy customers can also lease home items, such as furniture and appliances.

The country's reopening is one of the reasons why goeasy is on my watch list this month. I'm betting that we'll see a rise in consumer spending the further we move past this pandemic. If that is the case, goeasy could see a significant lift in demand for its services.

Nuvei

Nuvei (TSX:NVEI) has done a lot to impress Canadian investors over the past year. The stock joined the **TSX** in September 2020 and has already delivered 250% in gains and grown into a $20 billion company.

At a price-to-sales ratio above 40, it's trading at a premium compared to goeasy. I'd argue, though, that Nuvei has much more growth potential over the next decade.

Nuvei provides all kinds of solutions for payment processing. It's done an impressive job reinvesting aggressively into the business to not only grow its product offering but its geographic presence too.

The comparison to **Lightspeed** (TSX:LSPD)(NYSE:LSPD) is completely understandable. Especially now that the two growth stocks are valued at very similar market caps and are both trading at serious premiums. Growth over the past 12 months is also very comparable between the two companies.

While the two growth stocks may be competitors, there's absolutely no harm in owning shares of both companies. In fact, I'd highly recommend owning both in your TFSA. The payment processing market is a massive opportunity that's only growing.

CATEGORY

1. Investing
2. Tech Stocks

TICKERS GLOBAL

1. NYSE:LSPD (Lightspeed Commerce)
2. TSX:GSY (goeasy Ltd.)
3. TSX:LSPD (Lightspeed Commerce)
4. TSX:NVEI (Nuvei Corporation)

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