



3 Top Stocks to Hold in a TFSA

Description

[Making use of a TFSA](#) can greatly accelerate your way to financial independence. As its name suggests, all of the gains you make in a TFSA are tax-free. That means if a stock goes from \$10 to \$100, you won't have to worry about the CRA taking a slice out of your returns. However, it's important to note that none of the losses you incur are eligible to be claimed as capital losses. Therefore, investors need to be very careful about which stocks they hold in a TFSA. Here are three top stocks to hold in a TFSA.

Canada's top stock is always a solid choice

When looking for stocks to hold in a TFSA, **Shopify** ([TSX:SHOP](#))([NYSE:SHOP](#)) is always going to be a good place to start. The company has gone from being a small startup in Ottawa to a global facilitator within the rapidly emerging e-commerce industry. Shopify provides merchants of all sizes with a platform and all the tools necessary to operate online stores. Because of its ease-of-use and modular structure, everyone from a first-time entrepreneur to large-cap companies like **Netflix** are listed as Shopify customers.

Among the companies listed on the **TSX**, very few have been able to keep up with Shopify in terms of growth. In the [2020 edition of the TSX30](#), Shopify ranked in first place with a 1,043% gain from 2017 to 2020. Shopify stock's performance over that period was so impressive that its gains were nearly equal to the summed total of the next three companies combined! The global e-commerce industry is expected to grow at a CAGR of 14.7% from 2020 to 2027. With a massive addressable market, expect Shopify to continue growing alongside it.

Another company poised to grow over the next decade

As mentioned earlier, the e-commerce industry is a fascinating space to invest in today. There is so much opportunity to take advantage of in that market. In fact, investors should look at more companies than just those that provide online store building services. More specifically, investors should consider payment-processing companies. Often, these companies charge a fee for every transaction processed.

Therefore, companies like **Nuvei** ([TSX:NVEI](#)) that help merchants process transactions should see massive growth over the next decade.

Since its IPO in September 2020, Nuvei stock has performed exceptionally, gaining about 240%. In its latest earnings presentation, Nuvei reported that its Q2 revenue had increased by 114% year over year. Investors were very pleased with those numbers and pushed the stock up more than 15% the following day. Currently, Nuvei is valued at a market cap of \$22.3 billion. This makes it a much smaller company than other payment processors like **PayPal**. However, it also suggests that Nuvei has a lot more room to grow.

Consider this exciting growth stock

Finally, investors should consider an investment in **Topicus.com** ([TSXV:TOI](#)). For those that are unfamiliar, Topicus was a subsidiary of **Constellation Software** until its IPO in February 2021. Despite the fact that Topicus now operates separately from Constellation Software, the two companies are still closely tied. Six members of Topicus's board of directors are executives from Constellation Software. This provides Topicus with an excellent opportunity to continue learning from its former parent company.

Since becoming its own entity, Topicus stock has gained 110%. Despite those gains, Topicus is still only valued at a market cap of \$5.3 billion. For comparison, Constellation Software has a market cap of more than \$46 billion. If Topicus can reach a similar market cap in a decade's time, investors will have seen massive returns.

CATEGORY

1. Investing
2. Tech Stocks

TICKERS GLOBAL

1. NYSE:SHOP (Shopify Inc.)
2. TSX:NVEI (Nuvei Corporation)
3. TSX:SHOP (Shopify Inc.)
4. TSXV:TOI (Topicus.Com Inc.)

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