



TFSA Investors: 2 High-Growth Canadian Stocks to Hold Forever

Description

Canadians aged 18 years and older are fortunate to have access to the tax-friendly Tax-Free Savings Account (TFSA). The versatile account can be used to store cash for an upcoming purchase or high-growth Canadian stocks for a long-term savings goal.

Withdrawals from a TFSA can be made at any time and are always completely tax-free. The only real catch that [Canadian investors](#) need to keep in mind is the annual contribution limit. The good news is that unused contribution room can carry over from year to year.

What's important to keep in mind is that any gains made within the TFSA are not counted towards the contribution limit. For example, if you maxed out your TFSA this year with a \$6,000 investment in a few different Canadian stocks, regardless of much that \$6,000 investment grows, it can all be withdrawn completely tax-free at any point in time.

Tax-free gains are why a TFSA can be an excellent choice of a savings account for long-term investors — especially if you still have decades of time until retirement, investments made today in high-growth Canadian stocks could grow a considerable amount by your retirement.

Here are two [top growth stocks](#) that any long-term investor would be wise to have on their radar. I already own shares of one in my TFSA, and I've got the other high up on my watch list.

Canadian stock #1: Lightspeed Commerce

As a satisfied **Lightspeed Commerce** ([TSX:LSPD](#))([NYSE:LSPD](#)) shareholder, it's very tempting to add to my position today. Shares are trading more than 20% below all-time highs right now. From a valuation perspective, it's still far from cheap, but this top growth stock won't be considered cheap anytime soon.

The [tech stock](#) instantly sold off after a bearish report was released by an investment research firm last month. Shares have rebounded well, though, already up about 10% from where it bottomed out in early October.

Even with the recent selloff, the growth stock is still up more than 500% since it joined the **TSX** in 2019.

Shares are trading at a lofty price-to-sales ratio of almost 40 today. As long as it's trading at that kind of valuation, volatility should continue to be expected, at least in the short term. Over the long term, though, I'm all-in on this top Canadian stock.

Canadian stock #2: Constellation Software

Valuation alone may be enough to keep Lightspeed Commerce off some Canadian's radars. There's a significant amount of risk when investing in a company trading at that kind of valuation — the trade-off being many more years of enjoying multi-bagger gains.

If you're instead searching for a cheaper alternative to earning market-beating growth, **Constellation Software** ([TSX:CSU](#)) is a solid choice.

The tech stock at one point was putting up massive gains as a public company. The Canadian stock is up more than 10,000% since going public in 2006. But now valued at a market cap of close to \$50 billion, growth has understandably slowed in recent years.

Growth may be slowing, but there's no reason to expect this top Canadian stock to trail the market's returns anytime soon. Management has been very aggressive in putting its capital to use through strategic acquisitions to help keep the company growing.

Shares are trading at a very reasonable price considering the company's track record of delivering market-crushing gains.

I've got Constellation Software high up on my watch list this month to balance out some of the high-growth Canadian stocks already in my portfolio, like Lightspeed Commerce.

CATEGORY

1. Investing
2. Tech Stocks

TICKERS GLOBAL

1. NYSE:LSPD (Lightspeed Commerce)
2. TSX:CSU (Constellation Software Inc.)
3. TSX:LSPD (Lightspeed Commerce)

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