TFSA Investors: 2 Discounted Tech Stocks for 2022 Contributions

Description

Canadians with maxed out Tax-Free Savings Accounts (TFSA) are likely looking forward to the beginning of 2022. The annual contribution next year will once again be $6,000, the same as it has been since 2019.

If you haven't maxed out your contributions in 2021 yet, no problem. Unused contributions can be carried over from year to year, so there's no need to make rushed last-minute contributions.

If you own Canadian stocks in your TFSA, there's a good chance you've enjoyed a year full of gains in 2021. The **S&P/TSX Composite Index** is nearing a 20% gain on the year. Even more impressive, the index is up an incredible 75% since the COVID-19 market crash in early 2020.

Picking individual stocks for a TFSA

Not all companies have enjoyed the same types of gains as the broader market over the past 20 months. There's no shortage of top TSX stocks trading at a loss on the year and well below all-time highs.

Short-term investors may be hesitant to invest with the high levels of volatility in the market today. Long-term investors, however, have plenty of great opportunities to pick up shares of high-quality companies at a discount.

For anyone counting down the days to the new $6,000 contribution limit on January first, I'd have these two discounted tech stocks on your radar.

Lightspeed Commerce

Lightspeed Commerce (TSX:LSPD)(NYSE:LSPD) stock enjoyed a memorable run from its lows following the COVID-19 market crash last year. After losing more than half its value in less than three months in early 2020, the tech stock went on to surge more than 500% before the end of the year. Fast forward to today, and shares are now down close to 70% from all-time highs.

It's been a volatile past two years for Lightspeed, to say the least. But considering the valuation it's trading at, volatility should certainly be expected by shareholders.

Even with the recent selloff, the tech stock is still valued at a lofty price-to-sales ratio of 15. It's dropped from its position as one of the most expensive stocks on the TSX but it's still far from cheap.

A steep price tag is the cost of owning a top growth stock like Lightspeed. Since going public in 2019, shares of Lightspeed are already up close to 200%. Needless to say, even amid the volatility and recent selloff, it's been a market-crushing stock since it joined the TSX. And with a growing international presence, there's no reason to believe why Lightspeed will begin trailing the market's returns anytime soon.

Nuvei

Nuvei (TSX:NVEI)(NASDAQ:NVEI) stock has recently fallen victim to a short report, just as Lightspeed did several months ago.

The report from investment management firm, Spruce Point Capital Management, sent shares spiraling more than 40% in a single day. The company made serious allegations regarding Nuvei's management and long-term growth potential. Some of the accusations were almost commercial, so I would caution investors not to believe everything they read in the report.

Nuvei has not been a public company for long, but it hasn't done much for investors to question its integrity. Even with the recent selloff, shares are still up a market-beating 40% since it went public in September 2020.

If you've had your eye on Nuvei, now's an opportune time to start a position. I completely understand that it's not easy to invest in a company after it drops 40% in one day. But if you're a long-term investor that's bullish on the growth of the payments space, you won't want to miss this fire sale.

CATEGORY

1. Investing
2. Tech Stocks

TICKERS GLOBAL

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

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ndobroruka