3 Speedsters to Expedite the Growth of Your TFSA Portfolio

Description

While good growth stocks should have a place in both RRSP and TFSA portfolios, if you have to pick one, the latter might be a slightly better choice. There are quite a few reasons why. Growth stocks can help you get around the limitation that comes with the lower contribution limit of your TFSA. And they help you build an accessible nest egg.

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So if you are looking to add some powerful (and potentially discounted) growth stocks to your TFSA, there are three that you should look into first.

A down-trodden e-commerce company

The **Lightspeed Commerce** (TSX:LSPD)(NYSE:LSPD) stock has been brutalized lately. It started sinking in early September, and apart from a small upward push that sent the stock up 59% in eight days, it's still mostly going down. The highly discounted nature of the stock can be attributed to the tech fall *and* some other company-specific factors.

It's also a natural consequence of the correction the e-commerce market segment warranted after the boom during the pandemic, something that's also reflected in the other e-commerce giant, **Shopify**. The last time the stock was this low was in January and August 2020, and it grew almost 300% to the peak.

If that's where the stock is headed, buying now and taking advantage of the heavy discount would be a smart thing to do.

A new steel stock

Algoma Steel Group (TSX:ASTL)(NASDAQ:ASTL) has only recently joined the TSX (October 2021), and in this limited time, it has already seen a sizeable fall of 25% and a growth phase that has already shot the stock up 38%. If the stock has the potential to ride the current momentum to further growth, it may offer significant capital appreciation in your portfolio.

While it is new stock, it's not a new company. Algoma has been around for over a century and is one of the largest local steel manufacturers. But an even sharper edge the company possesses is its electric arc steelmaking transformation, which makes it a very smart investment from an ESG perspective. A prudent approach would be to wait to see how the stock reacts to global steel prices.

A fuel cell company

Another example of a heavily discounted and potentially powerful growth stock that you can put in your TFSA would be **Ballard Power Systems** (TSX:BLDP)(NASDAQ:BLDP). It's a premier proton exchange membrane (PEM) fuel cell company and offers its proprietary fuel cell solutions to a variety of industries, including heavy-duty transportation and industrial power generation.

Before the 2020 crash, Ballard was on a roll. The stock rose over 200% between the beginning of 2018 and the 2020 pre-pandemic peak. Its post-pandemic growth was phenomenal and unnaturally rapid (over 360% in about 10 months). And now that it has fallen over 70% from its 2021 peak and 15% from its pre-pandemic peak, the stock might be ripe for another growth phase.

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Foolish takeaway

Tech stocks like Lightspeed and tech-embracing or tech-oriented stocks like Algoma and Ballard usually come at an expensive valuation, even when they are so heavily discounted. But the upside potential may make the bitter taste of overvaluation worth it.

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