2 High-Growth Canadian Stocks to Add to Your TFSA

Description

TFSAs (Tax-Free Savings Accounts) allows Canadian citizens above 18 to earn tax-free returns upon a specified investment amount called contribution room. So, investors can add stocks with high-growth potential to their TFSA to create substantial wealth in the long run. Meanwhile, if you are looking at adding growth stocks to your account, my two top bets are here.

Lightspeed Commerce

Lightspeed Commerce (TSX:LSPD)(NYSE:LSPD) provides omnichannel selling solutions to retail, hospitality, and golf enterprises across several countries. The pandemic has accelerated the transition to online shopping, prompting small- and medium-scale enterprises to take their business online. This transition has expanded the addressable market for the company.

Meanwhile, Lightspeed Commerce is broadening its product offerings, adding new segments, and venturing into new markets to drive growth. The company continues to grow its financials at a healthier rate, which is encouraging.

However, since Spruce Point Capital published a short report in September, Lightspeed Commerce has been under pressure. The expectation of aggressive interest rate hikes, growth moderation amid the reopening of the economy, and the volatility in the equity markets have dragged the company's stock down. It currently trades at a discount of over 82% from its 52-week highs. Amid the pullback, the company's NTM price-to-sales multiple has fallen to 5.1, which is lower than its historical average.

Meanwhile, analysts are bullish on Lightspeed Commerce. Of the 19 analysts following the stock, 16 have issued a "buy" rating. Analysts' consensus price target projects an upside potential of over 120%. So, I believe Lightspeed Commerce is an excellent buy for long-term investors.

Docebo

Docebo (TSX:DCBO)(NASDAQ:DCBO) offers an e-learning management platform that supports the entire learnings process of the organization from development to delivery. Currently, the company has over 2,800 customers, with 73% of them located in North America.

The pandemic has prompted many organizations to adopt e-learnings solutions to upskill their employees. However, the demand for e-learning solutions could continue, given their convenience and cost- effectiveness. Meanwhile, Fosway Group projects the learning management system to grow at a healthy CAGR of 21% from 2019 to 2024. Given its highly configurable platform, I believe Docebo is well positioned to benefit from the market expansion.

The company earns around 92% of its revenue from recurring sources, which is growing at a healthy CAGR of 66%. Additionally, its growing average contract value, multi-year contracts, and increasing customer base augur well with its growth.

However, amid the weakness in the tech space, Docebo has lost over half of its stock value compared to its September highs. The correction has lowered its NTM price-to-sales multiple to 10.2. Meanwhile, analysts are also bullish on the stock. 10 out of the 11 analysts covering the stock have issued a “buy” rating. Their consensus price target represents an upside potential of over 52%.

Bottom line

Amid the weakness in the tech space, these two stocks could witness volatility in the near term. However, long-term investors should ignore these short-term fluctuations and keep buying the dips to earn substantial returns in the long run.

CATEGORY

1. Investing
2. Tech Stocks

TICKERS GLOBAL

1. NASDAQ:DCBO (Docebo Inc.)
2. NYSE:LSPD (Lightspeed Commerce)
3. TSX:DCBO (Docebo Inc.)
4. TSX:LSPD (Lightspeed Commerce)

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