



TFSA Investors: 2 High-Growth Stocks Offering 80% Discounts

Description

2022 has been highly volatile so far. Inflation spiked and interest rates are rising. Meanwhile, supply-chain constraints and labour shortages continue to take a toll on corporate earnings. Further, the Russia/Ukraine conflict added to the woes. All these factors weighed on the equity market, eroding a significant amount of shareholders' value.

While the uncertain macro and geopolitical environment could lead to volatility in the market, I believe now is the time to add a few beaten-down TSX stocks to their TFSA portfolio. It's worth noting that several high-growth and fundamentally strong TSX stocks are trading extremely cheap (offering over 80% discount) and look promising bets to generate stellar tax-free gains in the long term. Here are my two top picks.

Shopify

Shopify ([TSX:SHOP](#))([NYSE:SHOP](#)) stock is trading at a [multi-year low](#). It reversed more than what it gained amid the pandemic and has crashed over 80% from the 52-week high. This year alone, Shopify stock has slipped about 75%.

This massive decline in Shopify stock is due to the slowdown in growth amid the reopening of the world. Further, pressure on margins from its aggressive investments in commerce infrastructure and overall negative investors' sentiment on equities took a toll on it.

While the slowdown in growth could curb the upside in Shopify stock in the near term, Shopify's market share expansion in the U.S. retail and uptick in the e-commerce penetration as a portion of overall retail provide multi-year growth opportunities. I am bullish on Shopify and expect its investments in the e-commerce platform, including strengthening of its fulfillment, to support its long-term growth.

Furthermore, expansion of payments offerings in new markets, new product launches, and additions of high-growth sales and marketing channels could drive its merchant base.

While Shopify's fundamentals remain strong, the recent selloff has compressed its valuation. It's worth

noting that this high-growth stock is trading at NTM (next 12-month) EV/sales multiple of 5.9, which is at an all-time low and signals a solid entry point.

Overall, the secular industry trends, Shopify's strong competitive positioning, ability to acquire customers, opportunistic acquisitions, and low valuation make it a top investment for your TFSA portfolio.

Lightspeed

Shares of **Lightspeed** ([TSX:LSPD](#))([NYSE:LSPD](#)) have dropped over 84% from the 52-week high. Concerns over growth, general market selling, and a short report are to blame for this significant decline in its price.

It's interesting to note that Lightspeed has delivered stellar organic revenues despite growth concerns. Moreover, it remains upbeat and expects momentum to sustain in the coming years. Notably, Lightspeed sees its organic sales growing by 35-40% per annum in the future years, which is positive.

The ongoing digital shift, growing payments penetration, and expansion of product suite augur well for growth. Further, expansion of its customer base and increased revenue from existing customers will likely support its growth. Also, international expansion and opportunistic acquisitions will likely accelerate its growth.

Given the correction in Lightspeed stock, it is trading at NTM EV/sales multiple of 2.7, which is considerably below the historical average. Moreover, this correction offers a [solid entry](#) for TFSA investors to generate robust long-term capital gains.

CATEGORY

1. Investing
2. Tech Stocks

TICKERS GLOBAL

1. NYSE:LSPD (Lightspeed Commerce)
2. NYSE:SHOP (Shopify Inc.)
3. TSX:LSPD (Lightspeed Commerce)
4. TSX:SHOP (Shopify Inc.)

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