TFSA Money: Opt for Selective Buying and Accumulate 2 Oversold Stocks

Description

The correction in the shares of several top Canadian businesses appears overdone. Further, due to the sharp pullback, these stocks look attractive on the valuation front. Thus, if you are holding cash in your TFSA (Tax-Free Savings Account) and have a long-term outlook, now is an opportune time to buy stocks selectively.

Among top stocks that have lost substantial value, investors could start accumulating **Shopify** (TSX:SHOP)(NYSE:SHOP) and **WELL Health** (TSX:WELL) stocks in their TFSA portfolio.

The KPIs of these Canadian companies are solid. Further, they operate strong businesses and have good growth prospects. Let's consider factors that make them attractive long-term bets to generate stellar tax-free returns.

Shopify

Shopify offers internet infrastructure for commerce. It witnessed stellar demand for its platform amid the pandemic. However, the economic reopening, normalization in demand, and tough comparisons led to a slowdown in its growth and dragged its stock lower.

While e-commerce growth has slowed, Shopify is well positioned to capitalize on the ongoing shift in selling models towards omnichannel platforms. Moreover, the growing penetration of e-commerce sales bodes well for growth.

This e-commerce company is aggressively investing in growth measures that include strengthening its fulfillment and POS offerings. Moreover, it is expanding its products to new markets and adding more features and merchant solutions. All these initiatives could solidify its competitive positioning and augur well for long-term growth.

While Shopify's fundamentals remain strong, its stock is trading cheap. Notably, Shopify stock is trading at the next 12-month EV/sales multiple of six, which is at a five-year low. Overall, Shopify's dominant positioning, long-term growth initiatives, secular tailwinds, and low price make it a perfect investment for buyers who are in no hurry to make quick profits.

WELL Health

WELL Health is another tech stock that has immense growth potential. It provides digital healthcare services. Investors dumped its stock anticipating a slowdown in demand amid economic reopening. However, the company proved them wrong with its stellar financial performances in the past several quarters.

During Q1 of this year, WELL's top line surged 395%. This growth came on the back f a 62% surge in omnichannel patient visits. Further, the company continued to deliver positive adjusted EBITDA. As for Q2, WELL Health stated that the momentum in its business continued, with April and May recording strong growth in patient visits.

Moreover, it reiterated its full-year guidance and expects $525 million in revenues for 2022. Furthermore, it expects to deliver profitable growth and achieve $100 million in adjusted EBITDA.

WELL Health's superior growth, strong organic sales, focus on ramping up acquisitions, and momentum in the U.S. business will likely drive the recovery in its stock price.

Further, WELL Health stock trades at a forward EV/sales multiple of 2.1, which is highly attractive and provides a buying opportunity.

Bottom line

Holding cash in your TFSA is not a smart move. Instead, selectively buying these high-growth stocks amid correction boosts your chances of generating solid tax-free capital gains in the long term.

CATEGORY

1. Investing
2. Tech Stocks

TICKERS GLOBAL

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2. TSX:SHOP (Shopify Inc.)
3. TSX:WELL (WELL Health Technologies Corp.)

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