Young TFSA Investors: 1 Top Canadian Stock to Buy and Hold for 30 Years

Description

Young TFSA (Tax-Free Savings Account) investors should applaud any pullbacks in the broader stock markets. Sure, there are many things to worry about, as the Bank of Canada raises rates to fight inflation while running the risk that we'll fall into an economic recession.

Though employment remains robust, with a consumer that's still spending a great deal on discretionary purchases, consumer sentiment has faded, and we've seen quite a few headlines about layoffs, rescinded job offers, and hiring pauses (or freezes).

With corporate earnings coming in mildly decent, we may be in for more of an economic slowdown than a full-blown recession. Undoubtedly, the environment doesn't seem like the early days of the 2008 Great Financial Crisis. Things certainly have not been falling off a cliff, as they did in 2020 when the world closed its doors for several months in an unprecedented economic experiment.

The economy's resilience will be tested in the second half of 2022

Though the consumer and firms seem strong enough to power through rapid-fire rate hikes in a bid to stomp out inflation, investors should be ready for anything. Though various macro variables seem resilient today, things could change significantly over the coming quarters in response to higher interest rates and anticipation of a tougher labour market.

We won't know when the recession is in the books until after the fact. While it's unlikely we're in one now, the damage done to the TSX Index seems to bake in a medium to high chance of a drastic slowdown in GDP.

For TFSA investors, such a plunge in anticipation of economic deterioration is nothing more than along-term buying opportunity. While you may feel increased pain over the next 10 weeks (or evenmonths), odds are, you'll be ahead 10 years from now. That's the timeframe that matters to younginvestors looking to build wealth over the next 30 years, rather than the next 30 days.

Nuvei: A payments darling that's fallen hard

At this juncture, I'm a huge fan of beaten-down shares of payments tech firm **Nuvei** (TSX:NVEI)(NASDAQ:NVEI). Shares are fresh off a nearly 77% decline from peak to trough.

Though the $6 billion company still seems expensive at 64.2 times price-to-earnings (P/E) multiple, I'd argue the price of admission is relatively muted compared to the firm's growth rate of 60-70% over the past few years. Further, shares are cheap from a historical perspective, given investors were fine paying north of a 120 P/E multiple at the stock's peak in 2021.

Looking ahead, Nuvei has its Q2 numbers on tap for August 9, 2022. The bar has been lowered, with various firms, including Credit Suisse, who've cut their price targets considerably. Credit Suisse slashed its price target to $43 from $85, downgrading the name to neutral from outperform, just under a month ahead of its Q2 results.

I think the bar is set pretty low, with $0.47 in per-share earnings expected alongside $220.7 million in revenue.

The bottom line for TFSA investors

Sure, macro headwinds are weighing heavily on the magnitude of payments. However, Nuvei has made a lot of partnerships in recent months that could help the firm turn a corner and make strides over industry rivals. Nuvei has been spreading its wings across the online gaming space, in particular. Its latest deal with Eyas Gaming could help stabilize Nuvei's payments in the face of an economic slowdown.

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Author
joefrenette