



TFSA Investors: Turn \$81,500 Into \$300,000 With These 2 Tech Stocks

Description

A Tax-Free Savings Account (TFSA) allows Canadian citizens to earn tax-free returns on a specified investment amount called the contribution room. For this year, the Canadian Revenue Agency (CRA) has set the contribution room at \$6,000, with the cumulative amount standing at \$81,500. If you invest this amount in stocks that deliver returns at a CAGR ((compounded annual growth rate) of over 18%, you can create a wealth of over \$300,000 by 2030. Meanwhile, I believe the following two tech stocks have the potential to deliver these returns.

Nuvei

Nuvei ([TSX:NVEI](#))([NASDAQ:NVEI](#)) provides payment technology solutions to its clients across 200 markets while supporting 150 currencies and 570 alternative payment methods (APM). Supported by its disciplined investment in sustainable growth initiatives, the company has continued to drive its financials.

In the recently announced second quarter, its total volumes grew by 38% to US\$30.1 billion, with e-commerce forming 87% of its total volume. Amid organic growth and strategic acquisitions, its revenue grew by 19% to US\$211.3 million. When many of its peers struggled to become profitable, the company's adjusted EBITDA (earnings before interest, tax, depreciation, and amortization) and adjusted net income stood at US\$184.4 million and \$143.7 million, respectively. It generated a free cash flow of \$163.3 million while having a cash balance of \$721.6 million as of June 30.

Despite the challenging environment, Nuvei's management has maintained its mid- to long-term guidance. The growth of e-commerce, geographical expansion, new APMs, and the growing legalization of online betting could boost the company's growth in the coming years. Meanwhile, the management expects its volumes and revenue to grow over 30% in the medium term. Its adjusted EBITDA margin could cross 50% in the long run.

Despite its impressive financials and healthy growth prospects, Nuvei has lost close to 78% of its stock value compared to its 52-week high. Its NTM (next 12-month) price-to-earnings multiple has declined

to 15.9, which is lower than its historical average. So, an investor has to invest \$15.9 in the company to earn \$1, which looks cheap considering the company's growth potential. So, given its high-growth potential and attractive valuation, I expect the company to deliver multi-fold returns over the next eight years.

WELL Health Technologies

WELL Health Technologies ([TSX:WELL](#)), a digital healthcare company that provides end-to-end management tools for healthcare practitioners to provide virtual healthcare services, is my second pick. The company posted solid second-quarter earnings earlier this month, with its revenue growing by 127% to \$140.3 million. Its organic growth stood at 20%, with substantial growth across its operating segments.

The company recorded 1.16 million patient visits during the quarter, representing an annualized rate of 4.66 million. Despite an inflationary environment, geopolitical tensions, and a challenging economic environment, the company posted an adjusted EPS (earnings per share) of \$0.08 compared to a loss per share of \$0.01 in the previous quarter. The expansion of its gross margins and revenue growth increased its adjusted EPS.

Buoyed by its impressive second-quarter performance and growing addressable market, WELL Health's management has raised its 2022 revenue guidance from \$525 million to \$550 million. The increased adoption of virtual healthcare services, growing internet penetration, and technological advancement have expanded the company's addressable market. Meanwhile, Fortune Business Insights project the global telehealthcare market to grow at a CAGR of over 30% through 2029.

Despite its impressive performance and high-growth prospects, WELL Health trades at an attractive NTM price-to-earnings multiple of 14.4, making it an attractive buy.

CATEGORY

1. Investing
2. Tech Stocks

TICKERS GLOBAL

1. NASDAQ:NVEI (Nuvei Corporation)
2. TSX:NVEI (Nuvei Corporation)
3. TSX:WELL (WELL Health Technologies Corp.)

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