



## TFSA Investors: Why You Should Invest Your Room ASAP in These 2 Stocks

### Description

The Canada Revenue Agency (CRA) has given you an extra \$500 limit this year for Tax-Free Savings Account (TFSA) contributions. Why not make the most of this \$500 by investing in two hyper-growth stocks that trade below \$10 per share and benefit from their upcoming growth story? But remember, high returns come with high risk, and these small-cap stocks are highly [volatile](#).

### Ballard Power Systems

Have you heard of vehicles running on water? Though much fuel cell technology is still in the pilot phase, major vehicle makers like Honda and Toyota are already commercializing it. **Ballard Power Systems** ([TSX:BLDP](#)) designs and manufactures proton exchange membrane (PEM) fuel cells for heavy vehicles like buses, trains, and marine vessels.

Hydrogen has high energy density, is lighter than lithium, and can be compressed in less space, making fuel cells easy to transport over long distances. It solves the logistics problem. As for emissions, the only residue of hydrogen is water vapour. The biggest challenge in bringing green hydrogen into use is its production cost. Hydrogen has to be separated from water through electrolysis, which needs electricity. This whole process is expensive at the moment. Therefore, its uptake is minimal.

The right way to look at Ballard Power Systems is not through its revenue or profits. Technology in the pilot phase will only eat up profits and dwindle revenue. The company's stock fell 62% last year as the resurgence of oil as the key energy source shifted the focus away from renewables. But the company is moving in the right direction,

- working on improving the technology,
- expanding across the hydrogen fuel value chain,
- partnering with companies to boost adoption, and
- capturing key geographies of North America, Europe and China.

And now, Ballard Power Systems has [partnered](#) with India's **Adani Enterprise** to develop hydrogen

fuel cell trucks for mining and transportation. **Nvidia** is using a similar approach for autonomous vehicles.

Ballard Power Systems stock could surge severalfold when the world's focus shifts to green technology. The stock jumped 150% between November 2020 and February 2021 when Joe Biden introduced the clean energy bill. Now is a good time to buy the stock at a significant discount and hold it until the green revolution takes off.

## BlackBerry stock

While fuel cell trucks are still in the pilot phase, smart cars are filling up the roads. And the software behind the high-tech car is **BlackBerry** ([TSX:BB](#)) QNX. BlackBerry had a tepid year as it is taking longer than usual to sign cyber security contracts, thereby pulling down its key source of revenue. The company is banking on the internet of things (IoT) segment for growth. But supply chain constraints significantly impacted automotive sales.

However, BlackBerry continued to secure design wins for its QNX software, which kept the design revenue coming. When the automotive sales return, it will unlock BlackBerry's \$560 million royalty revenue backlog, provided automakers the go ahead with their product launch.

BlackBerry stock fell 38% in December as the overall market was in a bear momentum. It has recovered partially, surging 22% year to date. A 20–30% momentum is normal for BlackBerry as it is making losses at a time when investors have become risk-averse. But it has a \$505 million cash reserve and not much debt to feel the pressure of rising interest rates. Now is the time to buy the stock as it trades 20–30% below its average trading price of \$8.

## How much TFSA contribution room should you allot the two stocks?

The above two stocks are trading below \$6 per share. If you invest \$250 each, you can buy around 45+44=89 shares of the two stocks. Do not invest a significant portion of your TFSA contribution in them as they have not yet proved their revenue stability, and profits keep dwindling. But they are well-funded to bear the loss and invest in research and development.

You could see more downside of up to 20–30% in a recession. But they could double or triple your money when the automotive momentum picks up. Meanwhile, invest the remaining \$6,000 TFSA limit in large-cap growth and [dividend stocks](#) with a higher probability of returns.

### CATEGORY

1. Investing
2. Stocks for Beginners
3. Tech Stocks

### TICKERS GLOBAL

1. NYSE:BB (BlackBerry)

2. TSX:BB (BlackBerry)
3. TSX:BLDP (Ballard Power Systems Inc.)

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## **Author**

pujatayal

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