2 Value Stocks I’m Buying With My $6,000 TFSA Contribution

Description

Since the birth of the Tax-Free Savings Account in 2009, Canadians across the country have been pretty diligent about using their contribution room. And with this year’s space at $6,000, it’s leaving many wondering where they should put their hard-earned dollars this tax season.

There are a million ways you can put that money to work, but if it were me, I’d be looking for some value stocks that have a strong past and an equally as strong future. Choosing those stocks will pretty much guarantee high earnings over the next few years and even more when investing over the long term.

TD

Among the top Big Six Banks, **TD Bank** (TSX:TD)(NYSE:TD) can seem kind of boring. Other banks are boasting their growth south of the border and producing growth this year near 20%. It can make many investors worry that TD just can’t keep up.

But with this bank, slow and steady has and will continue to win the race. The bank remains one of the top two banks in the country that make up 90% of Canada’s banking deposits. And while it may not have risen 20%, the bank has still seen an increase of over 10% since the beginning of this year, and it won’t be much further before it reaches its 52-week high of last September.

Now again, it may not seem exciting, but if you look at the last five years as an example of where this stock is headed, the outlook is strong. If you were to put that $6,000 into TD shares at the time of writing this article, in another five years you could have more than $8,500. In the meantime, you’ll also receive a nice dividend of 3.88%.

Air Canada

Now, you might be wondering why I’d recommend **Air Canada** (TSX:AC)(TSX:AC.B) at a time when planes are being grounded and stock prices are dropping. But for this stock, just like TD, you have to be in it for the long haul.

The fact that share prices are down has created an opportunity for investors looking to get in before a jump in share prices again. This stock has been on a slow and steady climb for years, but in mid-December it jumped about 40% into the new year, only dipping recently about 7.5%.

Unlike TD, I don't think it's necessarily fair to look at the past five years as an indicator of where this stock is headed, so let's look at analysts' predictions and work from there. If we look at the high-end predictions, the stock could reach $50 per share by 2020, with the stock currently sitting at about $31.50 per share. That means if you were to put that $6,000 in to Air Canada, you could have $9,500 by the end of 2020!

Of course, with both of these stocks, there is talk of a recession in the near future. That would affect every stock across the board. That's why it's important to use these predictions as a learning tool and invest now for the long term. That way, who knows? You might just add another zero on the end of that $6,000 investment.

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1. Bank Stocks
2. Investing

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