2 Super Stocks for Your TFSA

Description

A **BMO** Financial Group poll released back in February showed that 32% of Canadians did not know what sets a Tax-Free Savings Account (TFSA) and a Registered Retirement Savings Plan (RRSP) apart. That aside, over 50% of respondents said that they would choose a TFSA over an RRSP. The RRSP was the favourite investment vehicle for those above 55, which 69% of respondents stating that they preferred it over the TFSA.

Hopefully, the Canadian government will make a concerted effort to bridge this knowledge gap. The TFSA is a fantastic investment vehicle, especially for younger investors who have the capacity to accrue decades of tax-free gains. The more Canadians know about it, the better off they will be.

Today, I want to go over two stocks that are fantastic fits for a TFSA. Let's dive in.

goeasy

I have been bullish on **goeasy** (TSX:GSY) for some time now. The stock has boasted an average annual return of 21% over the past 10 years. Shares have climbed 61% in 2019 so far. To top it off, goeasy also offers a quarterly dividend of $0.31 per share, which represents a 2.1% yield.

The company is well positioned for growth, as Canadians are increasingly turning to alternatives for credit. goeasy's loan portfolio jumped 46% to $602 million in Q1 2019, which fueled a 53% increase in earnings per share to $1.18. It is expected to release its second-quarter 2019 results on August 8.

goeasy stock currently boasts a price-to-earnings ratio of 5.8, which is favourable relative to industry peers. Shares had an RSI of 69 as of close on August 1, which puts the stock just outside technically overbought territory. Value investors may want to await a more attractive entry point. In any case, I'm still very high on goeasy as we look ahead to the next decade.

TMX Group

Financial markets have enjoyed huge growth over the past decade, and we can expect this trend to extend into the next decade. **TMX Group** (TSX:X) operates equities, fixed-income, derivatives, and energy markets exchanges. The stock has averaged annual returns of 13% over a 10-year period as of close on August 1.

Unsurprisingly, TMX Group is vulnerable during turbulent market periods. In the first quarter, challenging market conditions weighed on earnings as revenue dropped to $197.5 million compared to $207.2 million in the prior year. Still, TMX Group posted strong growth in its core Trayport business as well as its derivatives trading and clearing businesses. Expect a better performance after an impressive first half of 2019 for financial markets. TMX Group is set to release its Q2 2019 earnings report on August 8.

TMX Group last paid out a quarterly dividend of $0.62 per share. This represents a 2.4% yield. The stock boasts a P/E ratio below 20, but shares had an RSI of 88 at the time of this writing. This puts TMX Group well into technically overbought territory. I love TMX Group as a long-term hold, but this is another instance where investors seeking value may want to wait before pulling the trigger.

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Date
2025/06/30
Date Created
2019/08/03
Author
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