TFSA Investors: 2 Stocks to Use Your Contribution Room on Today

Description

The annual contribution for the Tax-Free Savings Account (TFSA) moved up another $6,000 in 2020. This bumped up the cumulative total to $69,500. Investors who have been eligible for contributions from the start now have a significant amount of room to play with at the beginning of this new decade.

With this year just getting started, some investors may be ruminating on how to use their contribution room in 2020. Today, I want to look at two stocks that should be on your radar. Let's dive in.

Cogeco Communications

Canadian telecoms performed well in 2019, as did other stable income-generating equities like utilities and real estate-connected stocks. Central banks did an about-face in late 2018, and the promise of a low interest environment continuing for the foreseeable future has been bullish for these kinds of equities. **Cogeco Communications** (TSX:CCA) is one of the largest cable operators in North America. Its stock has climbed 43% year over year as of close on January 20.

The company released its first-quarter fiscal 2020 results on January 14. Revenue rose 1.8% year over year to $586.8 million, and adjusted EBITDA climbed 5.3% to $282.1 million. Cogeco's growth was fuelled by a jump in American broadband services revenue, while Canadian broadband services revenue suffered a marginal retreat from the prior year.

Cogeco stock still possesses a favourable price-to-earnings ratio of 12 and a middling price-to-book value of 2.2. The stock last paid out a quarterly dividend of $0.58 per share, representing a 2.2% yield. Cogeco has delivered dividend growth for 15 consecutive years. Its post-earnings dip has opened a buy-low opportunity for investors. The stock last had an RSI of 26, which puts Cogeco in technically oversold territory.

Pinnacle Renewable Energy

When this year started, I'd discussed why investors should be targeting green energy stocks. The public and private sector across the globe is set to invest even more into renewable energies over the course of the next decade, especially as the catastrophic impacts of climate change make themselves more acutely felt. **Pinnacle Renewable Energy** (TSX:PL) is one stock I love in January. The company is a leading manufacturer of industrial wood pellets, which are used by large-scale thermal power generators as a greener alternative.

Shares of Pinnacle Renewable have climbed 62% over the past three months as of close on January 20. However, the stock is still down 4.7% year over year. Investors can expect to see its fourth-quarter and full-year results for 2019 in the weeks ahead.

In the third quarter, Pinnacle reported revenue of $92.6 million, which was up 5.6% from the prior year. The company is in the middle of a transition, as several of its B.C. fibre suppliers curtailed operations. It is focused on its construction of a new industrial wood pellet production facility in High Level, Alberta.

The stock possesses a sky-high P/E ratio. On the plus side, the company turned a profit this past year for the first time, and the stock offers a quarterly dividend of $0.15 per share. This represents a strong 5.5% yield. Pinnacle is well positioned to provide long-term growth and income in your TFSA for years to come.

CATEGORY

1. Dividend Stocks
2. Investing

POST TAG

1. Editor's Choice

TICKERS GLOBAL

1. TSX:CCA (COGECO CABLE INC)

PARTNER-FEEDS

1. Business Insider
2. Msn
3. Newscred
4. Sharewise
5. Yahoo CA

Category

1. Dividend Stocks
2. Investing

Tags

1. Editor's Choice

Date
2025/08/18

Date Created
2020/01/21
Author
aocallaghan