TFSA Investors: Where to Put $6,000 Right Now

### Description

It's that time of the year again, when investors have additional contribution room available in their Tax-Free Savings Accounts (TFSA). This year, the new contribution amount is the same as last year – $6,000. This amount of money is no small chunk of change. If invested properly it can yield considerable returns, tax free.



With that in mind, here are three cheap stocks that you should consider adding to your holdings right now.

## Toronto-Dominion Bank

First and foremost, investors will want to ensure that their money is safe. There is perhaps no safer way to invest your hard-earned money than by investing in one of Canada's Big Five Banks. All of Canada's banks are trading below historical averages. Over time, this has proven to be an excellent entry point.

**Toronto-Dominion Bank** (TSX:TD)(NYSE:TD) is Canada's second-largest bank, but has yielded some of the greatest returns. Over the past five- and 10-year periods, it has been the best performing bank among its peers. This performance should continue as it has a five-year annual average earnings expected growth rate of 7.35%, the highest among the Big Five.

Furthermore, TD has also established itself as a premier dividend growth company. It has a nine-year dividend growth streak and has averaged 10% dividend growth. Once again, this is tops among its peers.

## Lightspeed POS

Let’s switch gears and look at a little-known tech company that has significant upside potential. In 2020, **Lightspeed POS** (TSX:LSPD) has gotten off to a blistering start. Up 25% year to date, the company is among the best-performing stocks on the TSX index.

Since its IPO last March, Lightspeed has more than doubled (+138%) and, given its growth trajectory, it is possible the company could double again this year. Since it went public, it beat on both the top and bottom line in each quarter, and has guided upward twice already.

Over the next couple of years, Lightspeed is expected to grow earnings by an average of 75% annually. This places it among the fastest growth stocks on the TSX index. It is also important to note that this does not take into account any future acquisitions. In the past year, it made several which increased its market share and has led to new market entries.

Lightspeed is just getting started.

## Northland Power

Next, we have a leading renewable energy producer. **Northland Power** (TSX:NPI) isn’t as well-known as some of the other renewable players, but that is a good thing. It means that retail investors can establish a position before the broader market takes notice.



Over the past five years, earnings have grown at an annual rate of 13% and Northland is expected to generate similar annual growth (11%) over the next five years. The utility also offers investors a juicy monthly dividend (4.12%) that is well covered by operating cash flows with a payout ratio of only 20%.

The company is quickly becoming a leading power producer in Latin America. In mid-January it closed on its EBSA acquisition which adds a new market (Colombia) and a regulated utility to its portfolio of assets.

The deal is expected to be immediately accretive to EBITDA by approximately $100 million. Likewise, it will lead to mid-single digit accretion to free cash flow per share through 2023. Beyond 2023, the deal is expected to yield even greater benefits.

Northland Power is a great way to add income and growth to your TFSA portfolio.

**CATEGORY**

1. Bank Stocks
2. Energy Stocks
3. Investing
4. Tech Stocks

**TICKERS GLOBAL**

1. NYSE:TD (The Toronto-Dominion Bank)
2. TSX:LSPD (Lightspeed Commerce)
3. TSX:NPI (Northland Power Inc.)
4. TSX:TD (The Toronto-Dominion Bank)

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