TFSA Investors: Where to Invest $10,000 Today

Description

The first month of the new decade will conclude on Friday. Many investors may have their eyes set on the March RRSP deadline, but they should not forget about the Tax-Free Savings Account (TFSA). The annual contribution room for the TFSA went up another $6,000 in 2020. Many TFSA Investors continue to hold a substantial amount of cash in their accounts.

Today, we are going to explore a hypothetical scenario wherein we have $10,000 in our TFSA to invest. Below are three stocks that are well worth splitting this investment into before the month of February. Let's explore why.

One dirt-cheap stock

The TSX Index is still hovering around record highs. However, there are still discounts available in this market if you know where to look. **Enerplus** (TSX:ERF) is one such stock. Its shares have plunged 26% so far in 2020 as of close on January 29.

Enerplus is one of the largest oil and gas producers in Canada. The spot price of oil has taken a major hit in recent weeks due to global panic surrounding the spread of the coronavirus. This volatility may be here to stay, as officials try to get a grip on this crisis, but this stock is undervalued right now.

Investors can expect to see the company's fourth-quarter and full-year results for 2019 in February. In the year-to-date period, net income has climbed to $169 million, or $0.72 per share, over $128 million, or $0.53, in the first nine months of 2018. The stock boasts a very favourable price-to-earnings (P/E) ratio of 3.9 and a price-to-book (P/B) value of 0.7. Shares last had an RSI of 19, which puts Enerplus deep in technically oversold territory.

Dividend stock

Earlier this month, I'd explained why **Genworth MI Canada** (TSX:MIC) was one of my favourite dividend stocks. Housing stocks have thrived over the past year, as Canada's real estate market has bounced back in a big way. Shares of Genworth have climbed 51% year over year at the time of this writing.

Genworth has scheduled its fourth-quarter and full-year 2019 earnings release for February 5. In the third quarter, transactional premiums written rose 10% year over year and total premiums written climbed 11%. This was primarily due to increased housing activity and positive market share momentum.

The stock last had a favourable P/E ratio of 12.9 and a P/B value of 1.2. Genworth offers a quarterly dividend of $0.54 per share, which represents a 3.7% yield. The company has achieved dividend growth for 10 consecutive years.

Growth stock

Heroux-Devtek (TSX:HRX) is trading close to its 52-week high right now, but I still love it as a long-term buy and hold. Stocks in the defence sector have thrived, as global defence spending has surged in recent years. Even Canada has vowed to significantly increase its defence spending into the middle of this decade. Shares of Heroux-Devtek have climbed 64% year over year as of close on January 29.

The company has scheduled its third-quarter fiscal 2020 earnings release for February 6. In the second quarter, Heroux-Devtek reported sales of $145.5 million, which were up 52.1% from the prior year. Operating income soared 98.9% to $10.5 million, and adjusted EBITDA increased 63.3% to $21.5 million. Its funded backlog rose to a record high of $769 million at quarter's end. In the year-to-date period, defence sales have posted growth of 76.6% to $156.6 million.

Although Heroux-Devtek does possess high debt levels, it makes up for it with its growth potential and dependable history. The stock has surged year over year, but its P/E ratio of 23 and P/B value of 1.9 is still very solid for a growth stock in this highly valued market.

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2. TSX:HRX (Héroux-Devtek)

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