TFSA Investors: Have $5,000 to Invest? Here Are 2 Cheap Stocks to Buy Right Now

Description

If you've got some money saved up, now could be a great time to add some stocks to your portfolio. And if you've got room in your Tax-Free Savings Account (TFSA), then all the better, as any earnings can be shielded from the taxman. Below are two stocks that are down and that can produce some great returns for you.

Toronto-Dominion Bank (TSX:TD)(NYSE:TD) isn't normally a popular choice for growth investors, but the stock has got a lot of potential given the significant decline it's been on this year. So far in 2020, shares of TD are down more than 20%, which is even worse than the TSX, which has declined a more modest 13% over the same period. There's a good reason for TD's decline — the economy's likely headed for a recession, people are losing jobs, and the housing market may crash.

And as bad as all that sounds, TD will get through it. The government is doing its hardest to print money and give struggling Canadians plenty of support, and that should give investors some hope that whatever downturn that takes place in the economy will be limited. Granted, it may still take a year for a recovery to happen, but when it does, TD will bounce back.

The allure, however, is buying shares of TD today, while they're still low. Not only do they have lots of upside, but the stock pays a fantastic dividend as well. If you can buy TD at less than $60, you'll get a terrific dividend that yields well over 5% per year. And if the stock gets back up to over $70 a year from now, that could be another 20-30% return depending on what price you buy the stock at. In total, you could be up well over 30%. On a $2,500 investment, that could net you $750 in tax-free income inside of a TFSA.

BlackBerry (TSX:BB)(NYSE:BB) has been down in the dumps for a while now. The stock is down more than 30% in 2020. But if you stretch that out to the past 12 months, then you'll see it's less than half the price that it was a year ago. Unlike TD, it's not down because of a negative outlook for the economy; people just aren't all that excited about a once-failed cellphone maker that's now a cybersecurity company.

Even though the company's been chugging along and growing sales, it hasn't been enough to convince investors to buy the tech stock. In its most recent quarterly results, sales were up 11% year over year. However, that was largely due to its Cylance acquisition, which in the previous year made up just over 1% of the company's total sales compared to more than 15% this past quarter. But that's another reason to be bullish on BlackBerry — the company is becoming more diversified. In fiscal 2019, Internet of Things accounted for 61% of the company's revenue. But this past fiscal year that percentage was down to 52%, thanks to Cylance taking a bigger piece of the pie.

With the stock trading below its book value, BlackBerry could be a steal of a deal. It's only a matter of time before the stock becomes too good of a buy for it to rally.

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