TFSA Investors: If You Have $6,000, Buy These 2 TSX Stocks Right Now

Description

A volatile market provides investors a chance to make money. For example, the ideal time to invest in Canadian equities this year was in mid-March when markets bottomed out. The **iShares S&P/TSX 60 Index ETF** has rebounded 40% in fewer than three months.

There may be a market crash on the horizon. But as we know, it's impossible to time the markets, and if the market recovery continues, investors will not get a chance to buy the dip, at least in the near future.

You can instead look to buy stocks that continue to trade at a discount. The TFSA (Tax-Free Savings Account) contribution room for 2020 stands at $6,000. Canadians can add the below TSX stocks to their TFSA portfolio and benefit from tax-free gains.

Why Docebo is ideal for your TFSA

As any withdrawals from the TFSA are tax-free, it makes sense to leverage this benefit and invest in growth stocks. Small-cap growth stocks have the potential to create massive wealth over time.

Canada's **Docebo** (TSX:DCBO) is one such stock that will soon become an investor favourite. The company has a market cap of $787 million and is fast gaining traction in the enterprise e-learning space.

Docebo's platform provides companies with a way to access e-learning solutions. This cloud-based solution is used by 1,900 organizations, including **Appian**, **Walmart**, and **Thomson Reuters**.

Docebo stock is trading at $27.65 and has gained 170% since touching a record low of $10.3 in March 2020. Analysts tracking Docebo expect its sales to reach $78.5 million in 2021, up from $58.7 million in 2019. This means the stock has a market cap to forward 2021 sales multiple of 10, which is reasonable considering its growth rates.

Further, Docebo is also expected to improve earnings from -$0.49 in 2019 to -$0.08 in 2021. It is forecast to reach non-GAAP profitability by 2022. Docebo continues to focus on organic growth and new product offerings to expand the customer base and is one of the top picks for long-term investors.

A beaten-down retail company

Retail stocks have been decimated in recent times due to countrywide lockdowns and lower consumer spending. Shares of Canada-based clothing manufacturer, **Gildan Activewear** (TSX:GIL)(NYSE:GIL) are trading at $24.08, which is 55% below its 52-week high. Similar to most other stocks, Gildan has also made a comeback since March 2020 and is up 90% since the sell-off.

Analysts expect the company to post a sales decline of 40% in 2020. Sales were down 26% in Q1 and are estimated to fall 68% in Q2 and 42% in Q3. However, revenue is forecast to rise by 32.4% to US$2.25 billion in 2021. With a market cap of US$3.55 billion, the stock has a forward price-to-sales multiple of just 1.6.

The massive revenue decline will result in an 86% fall in profit margins. Analysts then expect Gildan to improve earnings by 422% in 2021 to US$1.2, indicating a price to 2021 earnings of 15.

Foolish takeaway

The recent market pullback is an opportunity to buy quality stocks at a lower valuation. A $6,000 investment right now in these two stocks can multiply your wealth in the upcoming decade.

CATEGORY

1. Investing
2. Tech Stocks

POST TAG

1. Editor's Choice

TICKERS GLOBAL

1. NYSE:GIL (Gildan Activewear Inc.)
2. TSX:DCBO (Docebo Inc.)
3. TSX:GIL (Gildan Activewear Inc.)

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