



If You've Got \$6,000 in Your TFSA, Buy These 2 TSX Stocks Right Now

Description

If you're yet to invest your \$6,000 latest annual Tax-Free Savings Account (TFSA) contribution, now's a great time to put it to work, as there are still many severely [undervalued TSX stocks that are hidden in plain sight](#) on the **TSX Index**. This piece will have a look at two of them that you may wish to pick up if you've got an investment horizon that spans five years or more.

Yes, the coronavirus pandemic will likely pave the way for another year or two of off-the-charts volatility. But in return for stomaching such volatility, you'll improve your odds of paying less to get more. Without further ado, consider the following three volatile and out-of-favour TSX stocks that look to be trading at sizeable discounts.

Spin Master: The mid-cap TSX stock looks like a top rebound candidate for TFSA investors

Spin Master ([TSX:TOY](#)) looks like one of the most misunderstood Canadian companies out there. The toy maker behind the 2017 holiday sensation that was Hatchimals has suffered a massive fall from grace over the past two years, with shares plunging over 80% from peak to trough.

As it turned out, the decline turned out to be overblown beyond proportion, as shares have begun to recover modestly after moving through the worst typhoon in the firm's history. The coronavirus-induced disruption, industry woes, and company-specific issues (distribution centre misalignments) are going to weigh on coming quarters; there's no question about that. But with longer-term fundamentals still intact, I think Spin is a name that could really make up for lost time over the next five years, as the perfect storm of headwinds has a chance to die down.

Given the magnitude of Spin's decline, you'd think the TSX stock was at risk of going insolvent. With a stellar balance sheet, though, that's simply not the case. The company boasts an impressive portfolio of toy brands, a compelling pipeline of new toys, and enough liquidity to go after M&A opportunities as they arise.

Alimentation Couche-Tard: A TSX stock that's worthy of your entire \$6,000 TFSA contribution

Alimentation Couche-Tard (TSX:ATD.B) is precisely the type of stock you'd want to own going into a recession. The defensive growth firm has perfected the growth-by-acquisition model thanks to the exceptional stewards running the show; they know how to create value through M&A like few others in the convenience store (c-store) industry.

The c-store kingpin has grown in size over the years, but with the global market still fragmented, there's still plenty of growth left in the tank. Management previously made the ambitious goal of doubling profits in five years, a remarkable feat for a firm with a near \$50 billion market cap. To grow at such a rate, Couche not only needs to continue growing organically through recent same-store sales growth (SSSG) initiatives, it needs to get active on the M&A front again.

Couche recently walked away from its pursuit of Caltex Australia amid the coronavirus pandemic. With plenty of liquidity to put to work, Couche has a wide range of options now that many of its peers are struggling to adapt in these unprecedented times.

As the "best owner" of almost any c-store chain out there, Couche is able to squeeze ample synergies from almost any acquisition it makes. And with a management team that's willing to put in due diligence and walk away from a potential deal if the price isn't right, you can be sure that Couche's next acquisition will be a massive creator of long-term value for shareholders.

Foolish takeaway

If you've got \$6,000 in TFSA funds to put to work, Spin and Couche both represent timely opportunities for value-conscious investors today. If you seek high upside and are willing to roll with excess volatility, consider picking up Spin over Couche. But if you're looking for [the best risk/reward tradeoff](#), it's tough to match Couche while shares trade at 3.6 times book, as we head into what could be a severe recession.

Ideally, TFSA investors should put \$3,000 into each name at these depths.

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3. Stocks for Beginners

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