



Investing \$1,500 in These 3 Stocks Would Be a Brilliant Move for Your TFSA

Description

With the stock market showing no clear trend, it's prudent to invest in stocks that offer both stability and growth. Further, if it's done through your Tax-Free Savings Account (TFSA), you get to keep all of the capital gains and dividends, as they aren't taxable.

So, [if you haven't maxed out your TFSA limit](#) (the CRA has set the limit to \$6,000 for 2020) and have room for \$1,500, investing in these three stocks would be a brilliant move for generating strong capital gains and consistent dividend income.

High-flying airline stock

When it comes to multiplying your money, **Cargojet** ([TSX:CJT](#)) stock should be on your radar. The company has been consistently performing well over the past several years, which supports the uptrend in its stock.

Cargojet stock is up more than 482% in five years. Besides, it has increased by nearly 55% year to date. Its stock has consistently outperformed the **S&P/TSX 60 Index** and should continue to do so in the coming years.

Unlike other airline companies, Cargojet is not dependent on passenger volumes, thus rising COVID-19 cases are not likely to affect its business much. Meanwhile, increasing online activity in North America indicates that the demand from e-commerce companies should sustain in the coming quarters.

Cargojet's strong top-line growth and operational efficiencies have helped the company to expand its margins, cash flows, and payouts.

With sustained demand, expansion of network and fleet size, and operational efficiencies, [Cargojet stock could rise over 10 times](#) in 10 years.

A steady utility bet

Algonquin Power & Utilities ([TSX:AQN](#))([NYSE:AQN](#)) is a must-have stock for growth, income, and stability. The company's predictable cash flows support its growing payouts. Meanwhile, diversified utility and renewable assets continue to drive sustainable growth, irrespective of economic situations.

A steady rate-base growth, long-term power-purchase agreements with inflation escalators, and optimization of costs should help Algonquin to continue to boost investors' returns through higher dividends.

Its dividends have grown at an annualized rate of 10% over the past several years. Moreover, I expect the growth rate to sustain in the coming years. With an attractive yield of 4.7% and enormous growth prospects, the addition of Algonquin Power & Utilities stock in your TFSA portfolio would be a brilliant move.

A dependable tech stock

While tech stocks are known to be volatile, shares of **Absolute Software** (TSX:ABT) are a reliable bet irrespective of where the market moves. The company's endpoint security software witnesses sustained demand from governments, educational institutes, and enterprises.

With growing cybersecurity threats and an increased number of people working and learning remotely, the demand for Absolute Software's products and services are likely to increase, and the rally in its stock has only started.

Its strong contract base, high retention rate, and rising recurring revenues indicate that Absolute Software stock should continue its bull run in 2020 and beyond. Moreover, its debt-free balance sheet, lower competitive activities, and attractive valuation provide an underpinning for strong growth in the future. Absolute Software also pays a quarterly dividend of \$0.08, which translates into a decent annual yield of 2.1%.

Bottom line

All of these companies run a resilient business that continues to grow irrespective of economic situations. Moreover, investing in these stocks through your TFSA is a smart move to generate tax-free gains in the long term.

CATEGORY

1. Dividend Stocks
2. Investing
3. Tech Stocks

TICKERS GLOBAL

1. NYSE:AQN (Algonquin Power & Utilities Corp.)

2. TSX:ABST (Absolute Software)
3. TSX:AQN (Algonquin Power & Utilities Corp.)
4. TSX:CJT (Cargojet Inc.)

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Sharewise
6. Yahoo CA

Category

1. Dividend Stocks
2. Investing
3. Tech Stocks

Date

2025/08/27

Date Created

2020/07/29

Author

snahata

default watermark

default watermark