



Look No Further: Here Are 4 Top-Performing TSX Stocks for Your TFSA

Description

Some quality **TSX** stocks are trading below their fair values, despite the recent rally. So, if you have some room left in your Tax-Free Savings Account (TFSA), consider these names for long-term investments. Investors should note that the TFSA limit for this year is \$6,000, and if you have never invested in it, you can contribute \$69,500.

Algonquin Power & Utilities

The \$11 billion **Algonquin Power** ([TSX:AQN](#))([NYSE:AQN](#)) stock has notably outperformed peer TSX stocks **Fortis** and **Canadian Utilities**. Utilities are generally slow-growing stocks compared to broader markets.

However, Algonquin's faster earnings growth fueled its market performance in the last several years. It returned almost 600% in the last decade against the Canadian broader market's 42% return.

Algonquin is a renewable and regulated utility company with operations spanned across North America. It acquires and runs clean energy assets and also operates water, gas, and electricity distribution businesses.

Algonquin's juicy dividend yield and fair valuation make it stand tall among peers. It has increased dividends for the last 10 consecutive years. Importantly, the dividend growth could continue, driven by its stable and predictable earnings.

First National Financial

The \$2 billion mortgage solutions provider **First National Financial** ([TSX:FN](#)) could be another pick for long-term investors. It is the biggest non-banking mortgage originator and underwriter in Canada.

For the first half of 2020, First National Financial reported a marginal decline in revenues compared to last year. However, it managed to [grow](#) its net income by a handsome 45% against the same period

last year.

Importantly, the company management expects higher demand for refinancing solutions as economies re-open from lockdowns.

What's striking is its dividend profile. First National pays monthly dividends and offers a safe yield of 5.6%. Notably, it has managed to increase dividends by 5% compounded annually in the last five years.

Its payout ratio stands in a comfortable range and makes the shareholder payout cut unlikely.

FN stock is trading 20% lower against its pre-pandemic levels and looks discounted from the valuation perspective.

Dollarama

The dollar store operator **Dollarama** ([TSX:DOL](#)) should be a classic pick to tackle broad market uncertainties. A widespread presence in Canadian province is a big advantage for Dollarama. It owns and operates around 1,300 stores in the country, with average annual sales of \$3 million.

An unmatched value proposition offered by Dollarama to all demographics is another plus. It has managed a stable revenue and earnings growth over the last several years. Its higher number of stores and operational efficiency could continue to bode well for stable earnings growth for the foreseeable future.

Dollarama has been a massive wealth creator for its shareholders, returning 1,100% in the last decade. So far this year, the stock has soared more than 10%, notably beating the **TSX Index**. It looks overvalued after this rally, and cautious investors could wait for a pullback.

B2Gold

The rally of the traditional safe-haven gold seems far from over. The yellow metal breached \$2,000 per ounce level recently and is expected to march higher. Investors can consider top gold miner **B2Gold** to play this rally. It has soared almost 80% so far in 2020.

It is one of the most [undervalued gold stocks](#) and thus offers handsome upside potential. Higher production and rallying prices of gold could keep boosting its profits, ultimately driving the stock higher.

CATEGORY

1. Dividend Stocks
2. Investing
3. Stocks for Beginners

TICKERS GLOBAL

1. NYSE:AQN (Algonquin Power & Utilities Corp.)
2. TSX:AQN (Algonquin Power & Utilities Corp.)
3. TSX:DOL (Dollarama Inc.)

4. TSX:FN (First National Financial Corporation)

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