TFSA: 3 Super Stocks That Can Make You Rich

Description

The Tax-Free Savings Account (TFSA) is a fantastic vehicle for income and growth. However, if used improperly, Canadians can still get stung. This is something I'd discussed last November. The CRA has recently been cracking down on overcontributions, so investors need to be cautious. One horror story involved a non-resident who was initially hit with a $17,000 penalty before the CRA revised it down to $300.

Today, I want to look at three promising stocks that are perfect for a TFSA. The healthcare space is booming, and Canadians with a long-time horizon should be targeting stocks in this sector.

TFSA investors: This healthcare stock can erupt this decade

Pharmaceuticals is one of the fastest-growing sub-sectors in the healthcare space. Fortune Business Insights recently projected that the COVID-19 pandemic would accelerate the demand for effective treatments and drugs around the world. It forecasts that this sub-sector will exhibit a CAGR of 4% in the year-over-year period.

Knight Therapeutics (TSX:GUD) is one healthcare stock to stash for years in your TFSA. However, it shares have dropped 12% over the past three months as of close on August 12. The company operates as a specialty pharmaceutical firm that has recently expanded its global reach.

The company is set to release its second-quarter 2020 results this morning. Knight Therapeutics stock last possessed a favourable price-to-book (P/B) value of 1.1. It is still on track for big earnings growth as we look forward. Knight Therapeutics is not for impatient investors, but there is a lot to like about its value at this juncture.

One dividend stock to snag today

When assessing the potential of the TFSA, there is a consistent focus on its ability to generate tax-free returns for those who target growth stocks. However, as its base contribution has expanded it is becoming more attractive as an income vehicle.

Northwest Healthcare Properties (TSX:NWH.UN) is an open-ended real estate investment trust that aims to own high-quality healthcare properties. Its stock has increased 27% over the past three months. The REIT is expected to release its second-quarter 2020 results on August 24. In Q1 2020, Northwest Healthcare saw revenue increase 3.8% from the prior year to $96 million. Portfolio occupancy rose 50 basis points to a strong 98.9%.

The stock last had a price-to-earnings(P/E) ratio of 11 and a P/B value of 1.3. This puts the healthcare-focused REIT in attractive value territory. Better yet, Northwest offers a monthly dividend of $0.06667 per share. This represents a tasty 6.9% yield.

This dividend stock is worth holding forever in your TFSA

Savaria (TSX:SIS) is a Laval-based company that designs, engineers, and manufactures products for personal mobility in Canada and around the world. Its shares have climbed 28% year over year. TFSA investors should be eager to expose themselves to this fast-growing space. Grand View Research recently projected that this market would achieve a CAGR of 6.5% from 2019 to 2027.

In Q2 2020, Savaria achieved adjusted EBITDA growth of 1.8% in the face of challenging conditions due to the COVID-19 pandemic. The stock last possessed a P/E ratio of 26 and a P/B value of 2.6. This puts Savaria in solid value territory relative to industry peers. It last paid out a monthly dividend of $0.0383 per share, which represents a 3.1% yield.

CATEGORY

1. Coronavirus
2. Dividend Stocks
3. Investing

TICKERS GLOBAL

1. TSX:GUD (Knight Therapeutics Inc.)
2. TSX:NWH.UN (NorthWest Healthcare Properties Real Estate Investment Trust)
3. TSX:SIS (Savaria Corporation)

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