2 Smart Stocks for Your TFSA Portfolio

Description

Investors, who haven't maxed out the Tax-Free Savings Account (TFSA) contribution limit, which is $6,000 in 2020, could consider adding these two **TSX** stocks in the TFSA portfolio. With their consistent financial performance, shares of both these companies have made their investors rich.

Moreover, both these companies have ample growth catalysts that could continue to push their stocks higher in the coming years. Let's take a closer look at these two stocks that could outgrow the broader markets with their returns and generate tax-free capital gains and dividends.

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Cargojet

First up is **Cargojet** (TSX:CJT). The cargo airline company impresses with its strong returns over the past several years. Year to date, its stock has grown over 81%. Meanwhile, Cargojet stock has risen over 277% in three years and by 858% in five years.

The phenomenal growth in its stock is due to the Cargojet's ability to steadily increase its network capacity, fleet size, and staff. Further, the acquisition of new customers and retention of all of its major clients are encouraging.

Cargojet's ability to provide next day service for the courier industry to the majority of the Canadian population gives a strong competitive advantage. Moreover, Cargojet has long-term customer contracts that have minimum revenue guarantees and cost pass-through provision to shield itself from uncontrollable costs like fuel.

With the surge in demand from e-commerce and health care, Cargojet is likely to benefit significantly, thanks to its next-day delivery capabilities and strong coverage. Its resilient business, sustained demand, contractual revenue arrangements, and cost-control measures could continue to support the uptrend in its stock over the next decade. Moreover, Cargojet's strong cash flows support its payouts. The company pays a quarterly dividend of $0.23 per share.

goeasy

Next up is **goeasy** (TSX:GSY). The subprime lender has performed exceptionally well over the past two decades and has enough fuel that could continue to drive double-digit growth in its revenues and net income.

Investors should note that goeasy's top-line has grown at a compound annual growth rate (CAGR) of 13.1% since 2001 to 2019. During the same period, its adjusted net income increased at a compound annual growth rate (CAGR) of 30.1%.

Despite the disruption from the pandemic, its revenues improved by 2%, while net income jumped nearly 49% in the most recent quarter. While the bottom line of major banks is taking a hit from higher provisions, goeasy's provisions for future credit losses remained flat, which is encouraging.

The origination of new loans could stay muted in the short-term. However, the lender is likely to benefit from the geographical expansion, omni-channel offering, and large and underserved market. TFSA investors could consider buying goeasy stock for strong returns.

Moreover, the company has been uninterruptedly paying dividends for about 16 years. Further, it has consistently increased it in the last six years. goeasy's lower expenses and credit loss and stable provisions are likely to support its payouts. Currently, goeasy stock offers a decent dividend yield of 3%.

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Bottom line

Both Cargojet and goeasy have performed exceptionally well over the past several years, which is reflected in the stellar growth in their stock prices. Their strong underlying business and ability to accelerate growth should continue to propel their stocks higher in the coming years and boost your tax-free returns. Besides, TFSA investors are also likely to gain from the consistent dividend payouts.

CATEGORY

1. Bank Stocks
2. Coronavirus
3. Dividend Stocks

TICKERS GLOBAL

1. TSX:CJT (Cargojet Inc.)
2. TSX:GSY (goeasy Ltd.)

PARTNER-FEEDS

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

6. Yahoo CA

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