2 Surefire TSX Stocks for Your Tax-Free Savings Account

Description

If you are keeping cash in your Tax-Free Savings Account (TFSA), you are not utilizing the benefits of the TFSA to the fullest. I often emphasize that a TFSA is one of the best vehicles to channel your savings into investments and create wealth in the long term.

While you do not get any tax breaks at the time of contribution to a TFSA, your dividends, interests, and capital gains are not taxed, which is the best aspect of it. So, if you still have room for investment in your TFSA, consider buying these two surefire TSX stocks to create tax-free wealth.

Shares of both these companies have continuously outperformed the broader markets over the past several years. Further, they have enough fuel left to propel their stocks higher over the next decade.

Cargojet

Cargojet (TSX:CJT) is among the most reliable names for your TFSA portfolio. With its consistent financial performance, shares of Cargojet have generated an incredible amount of wealth for its shareholders. For instance, its stock has generated over 872% growth over the last five years, beating the broader markets by a wide margin. Moreover, it's up about 85% year to date.

The stellar growth in Cargojet stock is supported through its strong fundaments. The largest cargo airline company in Canada has steadily expanded its network capacity and fleet size and has retained all of its major clients. Further, it enjoys a strong competitive advantage over peers, thanks to its next-day delivery capabilities for the courier industry to over 90% of Canada's population.

Investors should note that about 75% of its domestic revenues have long-term contracts. Further, all contracts have guaranteed volume minimums, CPI-based automatic annual price increases, and variable surcharges for uncontrollable cost changes.

As e-commerce activities are gaining momentum, Cargojet remains well positioned to benefit from the high demand, thanks to its ability to fulfil next-day delivery through its extensive national network. With its focus on optimizing its fleet utilization, leveraging its west-to-east lanes for non-courier freight opportunities, and effective cost-control measures, Cargojet is likely to deliver strong financial numbers over the next decade, which is likely to support the uptrend in its stock.

Kinaxis

Just like Cargojet, **Kinaxis** (TSX:KXS) has also consistently outperformed the broader indices over the past several years. Kinaxis stock has more than doubled this year. Meanwhile, its stock has risen over 391% in the past five years.

The continued uptrend in Kinaxis stock is due to the sustained demand for its supply chain planning software and solutions. Meanwhile, its increasing proportion of recurring revenues combined with a high retention rate further drove its revenues and profitability and, in turn, its stock.

The company's strong order backlog and sales pipeline suggest that Kinaxis will continue to deliver solid growth over the next several years. Kinaxis's total backlog stood at US$333 million at the end of the second quarter, which is impressive. Also, its recent acquisition of Rubikloud is expected to accelerate its growth by helping it to expand into the enterprise retail industry.

Moreover, the expansion of existing customers, higher retention rate, and increasing revenues from new customers are likely to support further upside in its stock.

CATEGORY

1. Coronavirus
2. Investing
3. Tech Stocks

TICKERS GLOBAL

1. TSX:CJT (Cargojet Inc.)
2. TSX:KXS (Kinaxis Inc.)

PARTNER-FEEDS

1. Business Insider
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