TFSA Investors: The Best Thing You Can Do With $6,000 Today

Description

Canadian stock markets took a breather in September after rallying for the last six months. This has certainly been some of the best recoveries on record given the magnitude of the epic crash in March.

TFSA (Tax-Free Savings Account) investors can consider the following stocks in the current market scenario. If you have some contribution room left, these **TSX** stocks can reap significant gains over the long term.

Canada Goose Holdings

The luxury outdoor apparel maker **Canada Goose** (TSX:GOOS)(NYSE:GOOS) was some of the most beaten-down stocks on Bay Street early this year. However, it has soared more than 120% since its record lows in March. The stock sported a superior recovery due to higher potential seasonal demand and on the hope that the worst is over.

An exclusive parka maker Canada Goose exhibited superior revenue growth in the last couple of years, notably beating the industry trends. China, a major growing market for the company, is seeing a relatively faster recovery after the pandemic hitch, which could be a game changer for it. Canada Goose's expansion into retail sales with both online platforms and brick-and-mortar stores has worked out pretty well in the last few years.

While analysts think the worst is over for Canada Goose, I think the second wave of the outbreak could notably weigh on its seasonal demand. Near-term challenges might dominate the stock, but it will likely outperform in the long term given its leading market share, brand equity, and superior revenue growth.

In the last three years, Canada Goose has returned almost 100%, notably beating peers. If TFSA investors had invested $5,000 every year since 2017, they would have accumulated a total of $23,144 today.

TC Energy

My second pick is the Canadian energy infrastructure company **TC Energy** (TSX:TRP)(NYSE:TRP). Energy is undoubtedly among the hardest-hit sectors of the broader markets and, thus, is trading at a discounted valuation. Investors should note that energy stocks could be risky, considering the gloomy outlook for energy demand and volatile crude oil prices. This is where TC Energy differentiates itself from peers.

A $52 billion TC Energy is an energy midstream company and has a low correlation with oil and gas prices. Its earnings are prominently generated by long-term, fixed-fee contracts, which ensures predictability and stability.

Apart from the energy midstream, the company is involved in power generation as well. That's why it has stable cash flows that enable stable dividends, unlike other oil-producing companies. Although many Canadian energy titans have been reeling under pressure and reported weaker earnings, TC Energy has reported steady earnings growth so far in 2020.

TC Energy stock has corrected almost 15% since late August. It looks attractive from the valuation standpoint along with its handsome dividend profile. TC Energy stock offers a dividend yield of 5.6%, higher than TSX stocks at large.

TC Energy stock is appropriate for TFSA investors, given its strong total return potential. Stable dividends and capital gains generated over the longer term will be tax-free for eligible investors.

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1. Editor's Choice

TICKERS GLOBAL

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2. NYSE:TRP (Tc Energy)
3. TSX:GOOS (Canada Goose)
4. TSX:TRP (TC Energy Corporation)

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Date
2025/08/23
Date Created
2020/10/01
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