Got $5,000? Build Tax-Free Riches With These 3 TFSA Stocks!

Description

If you've got $5,000 sitting around, you might be wondering where to invest it. With a Tax-Free Savings Account (TFSA), you can make $5,000 go a long way, thanks to tax-free compounding. But before you invest your money, you need to know where you're going to put it. In today's market, volatility abounds. Just last month, we saw a near-correction–the second major downturn in 2020. At times like these, you need to know that you're putting your money somewhere safe. The following are three stocks that could reward you handsomely in the years ahead.

Canadian Tire

Canadian Tire Corp (TSX:CTC.A) is a major retailer that got beaten down in the COVID-19 market crash. Thanks to tanking gasoline sales and forced closure of non-essential retail, it took a big hit. Forced to close several of its closing stores, it lost $0.33 per share in the second quarter.

Now, however, it could be set for a comeback. While COVID-19 is still a going concern, the economic recovery is under way. Some lockdown measures are being re-introduced, but full on retail closures aren't in the discussion. Meanwhile, gas prices are bouncing back. These factors should lead to a recovery in CTC.A's business. Yet you can still buy the stock today at a historically cheap price.

CN Railway

The Canadian National Railway (TSX:CNR)(NYSE:CNI) is one stock that has fared extremely well through the COVID-19 market crash. So much so that it was beginning to look overpriced. Thanks to its strong 2020 gains, CNR's P/E ratio is now pushing 30. But there's a reason why people are loving this stock in 2020. As a vital economic service, it will be needed no matter what happens with COVID-19.

While shipments may be reduced, the company will never be forced to shut down. And the company's business seems to be bouncing back from the damage it sustained in the pandemic. So far, itscarloads and RTMs are up year over year in the fourth quarter.

NorthWest Healthcare Properties REIT

NorthWest Healthcare Properties REIT (TSX:NWH.UN) is probably the most pandemic-proof REIT you can imagine. As a provider of healthcare office space, its tenants are backed by government money. Even in the midst of the most extreme lockdowns, its clients were able to keep paying the bills. In the second quarter, it had a 97% collection rate. By contrast, some mall REITs saw collection rates as low as 49%.

It's not surprising that NWH did well amid the pandemic. Health clinics are among the most vital services amid a public health crisis. And NWH does business mainly in Canada and the EU. In Canada and most EU countries, healthcare is publicly funded. Even private health clinics bill the government for client appointments, giving NWH's tenant base unusual revenue stability, which in turn benefits NWH itself.

CATEGORY

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TICKERS GLOBAL

1. NYSE:CNI (Canadian National Railway Company)
2. TSX:CNR (Canadian National Railway Company)
3. TSX:CTC.A (Canadian Tire Corporation, Limited)
4. TSX:NWH.UN (NorthWest Healthcare Properties Real Estate Investment Trust)

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