Top Stocks to Buy With Your $6,000 TFSA Contribution

Description

Now is as good a time as any to put your $6,000 TFSA contribution to work. Heck, given the uptick in volatility, your odds of scooping up a stock at a discount to its intrinsic value range is that much higher. If you're a young TFSA investor who's ready to embrace the volatility by going against the grain, consider buying **Canada Goose** (TSX:GOOS)(NYSE:GOOS) and **Spin Master** (TSX:TOY), two wonderful discretionary businesses that seen their stocks tumble at the hands of the COVID crisis but that have already begun to pick up meaningful momentum.

TFSA top pick #1: Canada Goose

Canada Goose is one of the few firms that has built a tremendous amount of brand power with a minimal amount of marketing spend. Thanks to its terrific management team, the company has made a name for itself on the global stage. With a world of growth opportunities ahead of it and managers who know how to execute, I'd be unsurprised if Canada Goose were to become a major multi-bagger over the next 10 years.

The COVID-19 crisis has weighed heavily on the luxury parka maker. But the long-term fundamentals have yet to be tarnished. Canada Goose is still in the very early stages of its growth story, and while its best days are likely still ahead of it, the company remains at the mercy of exogenous events. In times of economic turmoil, there's only so much demand for $1,000 winter coats.

Given the coronavirus recession is all but baked into the stock after its huge decline, I'd say the Goose has room to fly if we are, in fact, due for a K-shaped recovery from this crisis and discretionary spending can bounce on the back of the next bull market.

TFSA top pick #2: Spin Master

Buying cyclicals or discretionaries at the wrong time in a market cycle can result in massive losses. On the flip side, if you buy them at the right time, you could easily be looking at a multi-bagger. Like Canada Goose, Canadian toymaker Spin Master has suffered a massive fall from grace. The COVID-

19 crisis acted as salt in the wounds of the already ailing firm that had its fair share of operational hiccups and industry-wide woes.

Fast forward to today, and Spin stock is picking up some serious traction, with shares now up 170% from their March lows. Profitability numbers were far better than feared, and with substantial room to run in a post-COVID world, I think Spin is an under-the-radar growth play that could find itself right back to growing its bottom line by double digits.

For a double-digit grower, the three times book value and 1.4 times sales multiples are far too low. As such, fearless young TFSA investors looking for a bargain ought to think about scaling into the name today, as shares continue to recover the massive amount of ground it lost over the years.

The Foolish takeaway

Both Spin and Canada Goose overshot to the downside back in March. With shares now making up for lost time, I'd encourage investors to buy on the way up, as shares are still a country mile away from their highs, despite the past few months' worth of momentum.

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1. NYSE:GOOS (Canada Goose)
2. TSX:GOOS (Canada Goose)
3. TSX:TOY (Spin Master)

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