Got $2,000 for Your TFSA? Beat the Market With These 2 Top TSX Stocks

Description

While planning for future savings, Canadian investors should make good use of the Tax-Free Savings Account (TFSA). The TFSA is one of the most effective tools to build wealth as all capital gains, interests, and dividends earned in your TFSA is tax-free.

So, if you haven't maxed out your 2020 TFSA contribution limit (which is $6,000) and still have room for a contribution of $2,000, consider buying these top TSX stocks now to beat the benchmark index over the next decade.

Online grocery delivery company

The stay-at-home and social-distancing measures gave a significant boost to the companies offering online grocery delivery services. I believe the structural shift in the way people shop for groceries is likely to sustain even in the post-pandemic world, which is why I am bullish on the shares of the online grocery and meal kit delivery company **Goodfood Market** (TSX:FOOD).

Goodfood Market has been firing on all cylinders, thanks to the secular industry trends. The company recorded stellar growth in revenues and margins in fiscal 2020. Meanwhile, its active subscriber base also improved significantly.

Goodfood Market recorded a 77% jump in its top line in fiscal 2020, while its net loss narrowed drastically from the prior year, which is encouraging. The company's active subscriber base stood at 280,000, reflecting year-over-year growth of 40%.

The company remains well positioned to capitalize on the growing adoption of online grocery. Meanwhile, Goodfood Market's enhanced operating footprint, robust last-mile delivery capabilities, and customer-centric initiatives like same-day delivery are likely to drive its revenues, earnings, and subscribers over the next decade.

Goodfood Market stock outperformed the broader markets by a wide margin and increased by 335% in three years.

A subprime lender

I believe **goeasy** (TSX:GSY) is a little underrated stock, especially given its stellar returns over the past several years. The company boasts of returning 7,452% to its shareholders since 2001, which is incredible. The subprime lender has seen its top line grow at a double-digit rate over the past 18 years, while its bottom line has increased at a compound annual growth rate of 30.1% during the same period.

The company has been uninterruptedly paying dividends for 16 years. Meanwhile, it has raised it for the past six years in a row.

While top Canadian banks struggled to stay afloat amid the pandemic, goeasy's revenues rose by 8.1% for the nine months of 2020. Meanwhile, its adjusted EBITDA and adjusted net income surged by 23.9% and 43.3% during the same period.

With the uptick in economic activities, goeasy's loan origination volumes are expected to show improvement. Meanwhile, goeasy could continue to benefit from its channel and geographic expansion and evolving products.

The company's strong fundamentals, coupled with an underserved and large addressable market, should continue to drive goeasy stock higher over the next decade.

Final thoughts

Both these TSX-listed companies have performed exceptionally well over the past several years and have delivered robust returns. With strong catalysts and favourable industry trends, both Goodfood Market and goeasy stocks are likely to outperform the broader markets handily.

CATEGORY

1. Bank Stocks
2. Coronavirus
3. Dividend Stocks
4. Investing

TICKERS GLOBAL

1. TSX:FOOD (Goodfood Market)
2. TSX:GSY (goeasy Ltd.)

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