



Top 3 Stocks for Your TFSA in 2021

Description

The [contribution limit for the Tax-Free Savings account](#) (TFSA) has just been announced. Canadians can add an extra \$6,000 to their TFSA in 2021. While that might sound like a small amount, if it's invested in the right stock it could deliver phenomenal (and tax-free) gains over a few years.

With that in mind, here are my top three TFSA stocks for 2021.

Alimentation Couche-Tard

Of all the overlooked and underrated stocks in Canada, **Alimentation Couche-Tard** (TSX:ATD.B)(TSX:ATD.A) is probably my favourite. If you haven't heard of the company, you've probably seen the brands it owns: Circle K, Mac's and Couche-Tard. It's a network of 15,000 convenience stores spread across 15 countries.

Since late 2010, the stock is up roughly 911% — a ten-fold return in less than a decade. The company has a shot at delivering similar returns in the future. It's rolling out charging stations for electric vehicles and owns a stake in a cannabis company to enhance its offering for customers.

The company also has a chance to acquire more convenience store chains in countries like Mexico and Australia to expand its network. In short, it's a robust and reliable growth stock that should benefit from the recovery in domestic travel next year — which makes it ideal for your extra \$6,000 TFSA contribution in 2021.

Fortis

Electricity supplier **Fortis** ([TSX:FTS](#))([NYSE:FTS](#)) has been my top pick as a safe haven this year. Utilities are essential, even during a pandemic — which is why Fortis stock is pretty much flat year-to-date, despite the chaos in the rest of the economy.

However, there are two reasons I believe this stock could surge in 2021. For one, it's one of the best dividend stocks on the market. With a safe and reliable 3.8% dividend yield and a 47-year-long track record of dividend increases, this stock is perfect for income seekers.

Meanwhile, as lockdowns ease and people return to offices, factories and restaurants next year, Fortis' commercial sales should bounce back. That means a spike in net income, which could drive the stock to an all-time high.

Fortis is the perfect TFSA stock regardless of whether you're a dividend or growth investor

Air Canada

Canada's largest airline is my top pick for a recovery stock in 2021. I've already mentioned how the airline has cut staff, lowered operational expenses and raised more funds this year. Now, with the vaccine getting distributed over the next few months, global air traffic should fully recover by the end of 2021.

Air Canada could also be in line for a [government bailout](#), which it doesn't really need anymore. In summary, things are looking really bright for this airline. Courageous investors who bet on the stock this year have seen its value rise 58% this month alone. If air traffic recovers by next year, Air Canada stock could nearly double back to its pre-crisis valuation.

For investors with an appetite for risk and an eye on next year's recovery, Air Canada is an ideal TFSA stock.

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2. TSX:AC (Air Canada)
3. TSX:ATD (Alimentation Couche-Tard Inc.)
4. TSX:FTS (Fortis Inc.)

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