



## The Top 3 TFSA Stocks to Buy for 2021

### Description

The biggest mistake most investors make is keeping their Tax-Free Savings Account (TFSA) in cash. The TFSA could be your most important tool to create wealth if you utilize it instead of keeping it in an asset that earns 0% return.

Here are the top three [TFSA stocks](#) you should consider as we enter the new year.

### TFSA stock one

Convenience store chain **Alimentation Couche-Tard** (TSX:ATD.A)(TSX:ATD.B) is one of my favourite TFSA stocks. That's because the business model is simple and poised for recovery in 2021. Couche-Tard owns convenience stores at gas stations across the world, which should see an increase in traffic as the economy recovers next year.

Meanwhile, the company has also been preparing for a future where gasoline is obsolete. In Europe, it has rolled out electric charging stations. This roll-out could go global, as electric vehicles replace traditional modes of transport. Couche-Tard also owns a stake in a retail cannabis brand that could enhance its convenience store offering.

Meanwhile, the stock is severely underpriced. It's trading at just 14 times earnings per share and 25 times leverage-adjusted cash flow. The dividend-payout ratio is just 8%, which means the company retains most of its earnings to expand the business. The stock is up roughly 900% over the past five years and could deliver similar returns over the next five.

### TFSA stock two

**Brookfield Property Partners** ([TSX:BPY.UN](#))(NYSE:BPY) is my favourite contrarian TFSA stock for 2021. The company owns and manages commercial properties across the world. This sector has been at the epicentre of the health crisis we now face.

With malls, offices and event venues abandoned for months, Brookfield's cash flow has suffered greatly. Meanwhile, the value of these commercial property holdings could decline in the near term.

However, Brookfield stock has already priced in all this bad news.

The stock is currently trading for 26% less than book value per share. Earlier this year, the discount was as high as 70%. Now, the stock still offers a 8.7% dividend yield. The fact that Brookfield has raised capital this year and is backed by the world's largest asset manager makes this dividend relatively secure.

In 2021, footfall in Brookfield's properties could gradually recover. This recovery should ultimately be reflected in the stock price. Investors willing to make a long-term, contrarian bet in their TFSA should keep an eye on this iconic stock.

## TFSA stock three

**Fortis** ([TSX:FTS](#))([NYSE:FTS](#)) is my final TFSA stock for investors who want a secure long-term bet. Fortis is the unmitigated champion of steady dividend growth. It has [bumped up dividends every year for the past 46 years](#). Next year, despite the crisis, it could do the same.

That's because Fortis supplies an essential service: electricity. The business is pretty much recession-proof. In fact, as commercial activity rebounds in 2021, Fortis could see sales and profits jump temporarily.

Since the company is well positioned to generate cash flows for decades, it could serve as the cornerstone of your TFSA retirement plan.

### CATEGORY

1. Investing

### TICKERS GLOBAL

1. NYSE:FTS (Fortis Inc.)
2. TSX:ATD (Alimentation Couche-Tard Inc.)
3. TSX:BPY.UN (Brookfield Property Partners)
4. TSX:FTS (Fortis Inc.)

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