



TFSA Investors: Adding These 3 TSX Stocks Would Be a Good Idea

Description

The Canada Revenue Agency (CRA) has announced a contribution room of \$6,000 for 2021, with the cumulative contribution ceiling standing at \$75,500. Meanwhile, the money removed from the TFSA will free the contribution room by the equivalent amount. However, capital erosion could lower the contribution room. So, investors should be careful in investing through their TFSA account.

The Canadian equity markets have recouped most of their losses after bottoming out in March, with the **S&P/TSX Composite Index** trading just 2.6% lower from its all-time high. However, the rising COVID-19 cases worldwide are a cause of concern. The new coronavirus variant identified in the United Kingdom has been spreading at a 70% faster rate, which has prompted strict lockdown in some parts of the country. Further, many countries have barred travelers from the United Kingdom. These restrictions could slow down the economic recovery rate, thus causing the equity markets to crash.

Amid the uncertain outlook, here are the three TSX stocks worth adding to your TFSA right now.

Lightspeed POS

Lightspeed POS ([TSX:LSPD](#))([NYSE:LSPD](#)), which provides omnichannel solutions to retailers and restaurant operators, is my first pick. Amid the pandemic, many small- and medium-scale businesses transitioned from legacy point-of-sale to omnichannel solutions, which benefited the company.

Meanwhile, the structural shift towards online shopping has created a long-term growth opportunity for Lightspeed. Further, the company has been expanding its product portfolio to attract new customers and increase its average revenue per user. Additionally, its payment volumes are growing, which is encouraging.

Further, Lightspeed had \$513.1 million of cash and cash equivalents as of September 30. So, it is well positioned to make strategic acquisitions to increase its customer base and geographically expand its business. Meanwhile, the rising COVID-19 cases threaten another round of lockdowns, which could further increase the demand for Lightspeed's services. So, [I am bullish on the company](#).

Kinross Gold

Kinross Gold ([TSX:K](#))([NYSE:KGC](#)), a gold and silver mining company, would be an excellent defensive bet in this uncertain outlook. Amid the broader equity markets' weakness due to the rising COVID-19 cases, gold prices might strengthen, benefiting Kinross Gold.

Meanwhile, the company has announced to raise its production over the next three years, while its production and capital spending could fall. So, with higher gold prices, increased production, and lower expenses, Kinross Gold's bottom line could rise in the coming quarters.

Meanwhile, amid the recent pullback in gold prices, the company trades at over a 29% discount from its 52-week high. Further, its valuation also looks attractive, with its forward price-to-earnings standing at 10.9. It has also [announced](#) quarterly dividends of \$0.03, representing a dividend yield of 1.2%.

Algonquin Power & Utilities

Third on my list would be **Algonquin Power & Utilities** ([TSX:AQN](#))([NYSE:AQN](#)), a diversified utility company that serves around one million connections. It also generates two gigawatts of power from renewable energy sources and is also constructing additional facilities, which could contribute 1.6 gigawatts more power. Meanwhile, the company has signed long-term agreements to sell the power generated from its facilities, thus insulating its financials from volume and price fluctuations.

Further, Algonquin Power & Utilities is expanding its utility asset base through acquisitions, which could drive its earnings growth and cash flows. In November, it acquired Ascendant Group, which provides regulated electrical generation, transmission, and distribution services in Bermuda.

Supported by its strong cash flows, Algonquin Power & Utilities has raised its dividends for the past 10 years at an annualized rate of 10%. Meanwhile, the company expects to increase its dividends at the same rate for several more years. The company currently pays quarterly dividends of \$0.20 per share, representing a dividend yield of 4%.

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1. Editor's Choice

TICKERS GLOBAL

1. NYSE:AQN (Algonquin Power & Utilities Corp.)
2. NYSE:KGC (Kinross Gold Corporation)
3. NYSE:LSPD (Lightspeed Commerce)

4. TSX:AQN (Algonquin Power & Utilities Corp.)
5. TSX:K (Kinross Gold Corporation)
6. TSX:LSPD (Lightspeed Commerce)

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