



TFSA Investors: Where Are You Investing This Year's \$6,000?

Description

Although they call it the Tax-Free Savings Account (TFSA), it is really an investment account. You can hold many investment instruments in it, which can generate handsome returns. If you use the TFSA for savings, it will generate a paltry 1% or even 1.5% interest a year. In that way, a \$6,000 annual investment would make only \$64,201 in 10 years.

However, investing in [TSX stocks](#) via a TFSA can offer much higher returns. The same \$6,000 invested annually could make around \$95,600 in a decade considering average market returns. So, if you have not been investing in the markets via TFSA, you can start this year. A minor tweak to your cash hoard can increase your returns substantially.

Here are a couple of stocks you can consider for your long-term investments.

Rogers Communications

If you want to bet on the revolutionary 5G technology, Canadian telecom titan **Rogers Communications** ([TSX:RCI.B](#))([NYSE:RCI](#)) should be your pick. It is far better positioned in the 5G race in Canada. It has already set up the 5G infrastructure in 100 Canadian cities and is well ahead compared to peers.

After the pandemic shock, Rogers saw a [handsome recovery](#) in the last quarter. Its revenues fell 8%, while earnings declined 4% year over year in Q4 2020. Rogers stock has soared almost 20% in the last three months. But interestingly, the stock still looks discounted and could continue its upward march.

Importantly, one area that Rogers falls short is the dividend yield. Its 3% yield is lower than peer telecom stocks. However, I think discounted valuation, dividend stability, and higher capital appreciation potential should make it up for Rogers over the long term.

B2Gold

Although the yellow metal has recently seen some pullback, it is likely to see some serious gains this year. And I think Canadian top gold miner **B2Gold** ([TSX:BTO](#))(NYSE:BTG) is an apt pick for the gold rally.

Let's see why. First and foremost, B2Gold stock is significantly undervalued at the moment. It is trading at \$6.3, with a price-to-earnings multiple of a mere eight times. The miner's earnings more than doubled last year. Such a growth with cheaply valued stock is rare among gold miner stocks. Notably, peer miner stocks, on average, are valued at around 15 times at the moment. B2Gold stock could see a significant rally once the traditional safe haven starts its ascent.

B2Gold is a \$6.7 billion gold producer that operates three mines in Namibia, Mali, and Burkina Faso. Higher metal production and higher realized prices should continue to support miner's earnings this year as well. An uncertain economic recovery and a weaker dollar could uplift gold prices.

B2Gold began paying shareholder dividends in 2020. However, its dividend increase has been quite impressive. For Q4 2020, it paid a dividend of \$0.04 per share. That indicates an annualized dividend yield of 2.5%, one of the highest among peer gold miner stocks.

Bottom line

So, in a nutshell, TFSA investors should allocate more funds to investing in stocks rather than just sitting on cash. The superior, tax-free returns would be beneficial in achieving your financial goals.

CATEGORY

1. Dividend Stocks
2. Investing
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4. Personal Finance
5. Stocks for Beginners

TICKERS GLOBAL

1. NYSE:RCI (Rogers Communications Inc.)
2. NYSEMKT:BTG (B2Gold Corp.)
3. TSX:BTO (B2Gold Corp.)
4. TSX:RCI.B (Rogers Communications Inc.)

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