3 Top TSX Stocks I'd Buy With My Tax Refund

Description

Tax season is upon us. You can officially start filing your tax return, and that means you could be eligible for a tax refund! If that's the case, it's a great time to use that extra cash and put it towards your investments. Now of course it's a perfect choice to put it toward reducing debt or mortgage, but it's also an excellent time to consider your investment strategy.

Better still? Taxes aren't due for some time. That means you'll likely beat the rush and with your taxes filed receive your refund before most people have even filed! Then you can invest while there are still so many strong TSX stocks trading below fair value. Here are three to consider.

TD Bank

Toronto-Dominion Bank (TSX:TD)(NYSE:TD) recently reported its earnings and smashed analyst expectations, with now two strong quarters under its belt. The most recent quarter sent shares to all-time highs, where it now trades at about $80.75 per share as of writing.

A contributing factor was the surge of funds it received from selling **TD Ameritrade** to **Charles Schwab**. TD Bank now owns 13.4% of Schwab, making it a partner in the world's largest brokerage. While the funds aren't recurring, the stake sure is. And in the first quarter Schwab contributed $209 million in earnings to TD Bank.

Needless to say, TD Bank continues to find ways of expanding and creating strong partnerships that send shares higher. Shares are up 30% in the last year, and 185% in the last five years for a compound annual growth rate (CAGR) of 11%. Meanwhile, you'll receive a 3.97% dividend yield as of writing.

Fortis

Investors still haven't clued in to the share price deal that they would receive with **Fortis Inc.** (TSX:FTS)(NYSE:FTS). The stock trades at 9% below where it was a year ago at writing, making it a solid deal for investors. Meanwhile, it also offers a 4.02% dividend yield as of writing. That dividend has been increased each year for the last 49 years, making Fortis one year shy of becoming a Dividend King!

But it's not just dividends you get from Fortis. The company's business strategy is sound, growing through acquisitions that then bring in even more revenue, which results in more acquisitions and those dividend increases. If you want a long-time buy, this is the perfect stock. Utilities aren't going anywhere, and likely neither is Fortis. The stock is up 127% in the last decade for a compound annual growth rate (CAGR) of 8.55%.

Nutrien

If you're looking for an opportunity, definitely consider **Nutrien Ltd.** (TSX:NTR)(NYSE:NTR). The stock is still relatively new, which is why investors haven't jumped on it so much. The company provides crop nutrients around the world, acquiring businesses all around become the market leader in the industry. And this industry will be a necessity in the decades to come.

But in the short term, the company's quarterly earnings were positive. Management expects U.S. farmers to plant a further 10 million acres compared to last year in 2021. It also reported generating US$1.8 billion in free cash flow for 2020, up after years of challenges. Shareholders were then treated to a dividend increase, and the company intends to buy back 5% of its outstanding common stock in the next year.

Shares are up 44% in the last year, and it now offers a dividend yield of 3.39% to investors buying today.

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2. NYSE:NTR (Nutrien)
3. NYSE:TD (The Toronto-Dominion Bank)
4. TSX:FTS (Fortis Inc.)
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