



## TFSA Investors: 2 Stocks You Should Buy in 2021

### Description

Canadians can deploy another \$6,000 into their Tax-Free Savings Account (TFSA) this year. Luckily, stocks have been declining for the past few months, which means some bargain opportunities have emerged.

Here are the top two stocks I believe you should keep an eye on for 2021.

### TFSA stock 1

**Suncor Energy** ([TSX:SU](#))([NYSE:SU](#)) is a top pick for 2021. The oil and gas giant should see a spike in its underlying commodity. As the global economy reopens, analysts are expecting fuel sales to skyrocket. The higher price of crude oil should enhance Suncor's top line.

Over the past year, the company has switched [its attention to high-margin products](#) and its long-life and integrated assets. That should translate to better margins and stronger cash flows in the second-half of 2021.

Meanwhile, investors haven't fully priced this into the stock. Although the stock is up 74% over the past year, it's still trading at 1.2 times book value per share and 1.7 times sales per share.

Suncor stock offers a 3.2% dividend yield and management is actively buying back its shares. This undervalued stock should be on your TFSA watch list.

### TFSA stock 2

**Topicus.com** ([TSXV:TOI](#)) is another TFSA stock that deserves your attention. Most investors may have never heard of this little-known company, but they're probably aware of its former parent: **Constellation Software**.

Topicus was Constellation's European subsidiary. It focuses on acquiring niche software companies across the continent and was spun off earlier this year as Constellation shifts its focus to new avenues of growth.

The company's existing portfolio of software platforms serves 100,000+ customers in 14 countries. Over the past year, [Topicus expanded](#) revenues, net income, and free cash flow by 18%, 37%, and 25%. As you can see, the free cash flow and net income growth rates are close to our threshold of 26% compound annual growth rate (CAGR). If the company can sustain this pace over the next decade, investors should be in for a windfall.

What's more encouraging is the fact that Europe's software market is untapped and undervalued. Local software companies are just as innovative as their American counterparts, but tend to attract less capital. This creates a unique opportunity for companies like Topicus to swoop in and snatch deals at bargains.

In other words, Topicus could replicate Constellation's success over the next decade. That's why this TFSA stock should be on your radar.

## Bottom line

Over the past year, growth stocks have had an incredible run. However, this pace of growth cannot be sustained. Investment returns are usually drawn out over many years, if not decades, and it looks like we're entering a slower pace of growth in the stock market.

That means investors should temper their expectations and aim for companies that are more robust and stable. Companies like Suncor and Topicus have intrinsic factors that make them very attractive TFSA stocks for 2021.

### CATEGORY

1. Dividend Stocks
2. Investing
3. Tech Stocks

### TICKERS GLOBAL

1. NYSE:SU (Suncor Energy Inc.)
2. TSX:SU (Suncor Energy Inc.)
3. TSXV:TOI (Topicus.Com Inc.)

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