



CN Rail: An on-Sale TSX Stock to Stash in Your TFSA Forever

Description

Your Tax-Free Savings Account (TFSA) is an invaluable tool that can help you get the most out of long-term compounding. With taxes taken out of the equation, today's young people stand to take their wealth creation into overdrive. Unfortunately, many young Canadians aren't leveraging the full power of the TFSA. It's not just a means for storing cash in low-rate risk-free securities or savings; it's for investing wisely over the long haul.

While you could certainly speculate on "sexy" securities, I'd argue that it's a bad idea to do so, given you'll be unable to offset losses in your TFSA with gains realized in any other accounts. That's not to say you shouldn't take risks with your TFSA funds. Rather, you should seek to take [smart](#), calculated risks with the top TSX stocks you really believe in.

Your TFSA should be reserved for your best ideas. Whenever you've got a wonderful business that's priced below its intrinsic value range, you should look to stash it in your TFSA instead of waiting for the bottom of the next market correction to strike.

In this piece, we'll look at one top second-half catch-up investment to stash in a TFSA if you've yet to put your 2021 contribution of \$6,000 to work.

While the broader **TSX Index** is pricier than it was at the start of the year, shares of many wonderful businesses actually boast risk/reward profiles that are [more attractive](#) today. It's these such names that are great candidates to make up for lost time in the second half.

Consider **CN Rail** ([TSX:CNR](#))([NYSE:CNI](#)), whose shares are down 5% year-to-date. Regardless of where the TSX ends the year, I think CN stock is well-positioned to outperform after an unremarkable first half, as it looks to play catchup with the broader indices.

CN Rail: A TFSA staple to hold forever?

CN Rail has been stuck in the gutter since it decided to go after the prized railway target **Kansas City Southern**. Shares nosedived over 15% in a matter of weeks before bouncing back modestly to \$133

and change, where the stock currently sits today off 10% from its high.

Undoubtedly, there have been many uncertainties regarding the combination of CN and KSU. Last week, U.S. President Joe Biden shed light on an executive order to push for more competition and less corporate concentration. Undoubtedly, the order could bring the historic rail deal to a grinding halt. That's a major reason why shares of KSU and the broader basket of rail stocks plunged on the news, while CN Rail stock held its own rather well.

Regardless of what ends up happening with the CN-KSU deal, I think the damage to CN stock has been overdone. Now, CNR stock is hardly a bargain at around seven times sales.

Still, given the calibre of wide-moat business you'll get, I'd have to say that the dip in CNR stock is buyable, as the beaten-down rail play looks to recover into the second half, perhaps without KSU in the bag.

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