2 Discounted TSX Stocks to Stash in Your TFSA for Decades

Description

Your Tax-Free Savings Account (TFSA) was meant to give everyday Canadians a wealth-creating edge over the long run. While it may seem like a good idea to stash some speculative instruments in the account, it's worth remembering that any losses in a TFSA can't be harvested to offset gains elsewhere.

Moreover, too many trades that go right could catch the attention of the Canada Revenue Agency (CRA), who will have no problem doling out a penalty if your trades are deemed as business activities.

So, what's the best use of your TFSA?

Your best investment ideas. Unfortunately, there's no one-size-fits-all answer for what qualifies as best. If you're a younger investor with decades to invest, it may make more sense to place bets on high-growth companies that may be undervalued relative to their long-term growth stories.

And if you're less comfortable with volatility in today's frothy stock market that's a percentage point away from all-time highs, there's no shame in going big on value stocks.

Here on the **TSX Index**, there's no shortage of value. And if you pick your spots carefully, you can set yourself up for a pretty comfortable retirement down the road. As the market rally continues, consider neglected and misunderstood names like **Spin Master** (TSX:TOY) and **Manulife** (TSX:MFC)(NYSE:MFC) as top candidates for core holdings in your TFSA.

Spin Master

Spin Master is a Canadian toy company that's been making major waves in digital games amid the pandemic. The digital segment enjoyed incredibly high triple-digit percentage growth. While lockdowns had a big role to play in the segment's incredible year-over-year growth, I don't think the strength will fade once things return to normal again.

Could Spin Master have a new growth driver for the next decade?

That's the million-dollar question. For now, the digital segment isn't much of a needle mover. But if the innovative toy company can continue investing heavily in the fast-growing segment, I do think Spin stock could receive a blended multiple from the market, as investors appreciate the firm's innovative capabilities.

Spin Master is more than just a toymaker; it's a tech-savvy play that has a lot of growth levers. Whether we're talking about Spin's promising pipeline, the growth digital games division, or accretive acquisition opportunities, I think Spin is a growth stock that won't stay this cheap for very long — not with a potential "Roaring 20s" type of discretionary spending boom that we could be experiencing.

Manulife

Manulife is arguably the most exciting Canadian non-bank financial. The insurer has a front-row seat to the Asian market, which is likely to give much lift to the company's top- and bottom-line in a post-pandemic environment. While the U.S. segment has dampened any growth coming from Asia over the years, I think the multiple vastly discounts Asia's influence on Manulife's numbers moving forward.

The stock trades at 0.8 times sales and just 1.0 times book value. That's a ridiculously low price to pay for high-growth Asian exposure and the likely windfall of higher rates, which could be in the cards over the next 18 months. Undoubtedly, Manulife has had its fair share of issues amid the COVID-19 pandemic, and the Delta variant could drag shares closer to the $22 level again.

Still, long-term investors should look to be a buyer on such weakness, as it's tough to find a non-bank financial with a decade-long growth outlook that's nearly as attractive as Manulife's.

CATEGORY

1. Investing

TICKERS GLOBAL

1. NYSE:MFC (Manulife Financial Corporation)
2. TSX:MFC (Manulife Financial Corporation)
3. TSX:TOY (Spin Master)

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1. Investing

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