2 Value Stocks That Could Double Your TFSA in 10 Years

Description

Value investors who are also Tax-Free Savings Account (TFSA) users have excellent buying opportunities as 2021 winds down. Some companies are well positioned to prosper in the post-pandemic or the recovery phase. In particular, the shares of an automotive parts manufacturer and a tech firm specializing in supply-chain solutions could even double in 10 years.

Excellent balance sheet management

Linamar (TSX:LNR) is underrated, although it should belong to the list of TSX's top value stocks today. The $5.13 billion company is Canada's second-largest automobiles part manufacturer and boasts leading-edge technology and deep manufacturing expertise. Their solutions power vehicles, motion, and work.

The Q3 2021 results gave investors compelling reasons to take a second look at the stock. While sales growth was modest (0.5%) and net income was lower (13.3%) than Q3 2020, the $223.9 million cash flow indicates excellent balance sheet management.

Linamar CEO Linda Hasenfratz said, "There are certainly challenges we are facing in markets today, but we are managing them and still expect to see the double-digit top and bottom-line growth this year."

Hasenfratz added, "Cash flow is excellent, allowing us to increase the dividend and commence the process to launch a buyback for our shareholders." She is confident about significant growth opportunities. Linamar envisions a solid future as supply chain challenges ease in coming quarters.

Its two operating segments, Industrial and Mobility, are the growth engines. More importantly, expect Linamar to rule the auto space in the years to come due to the ever-increasing demand for cars. Performance-wise, the stock has gained 30.30% in one year. Also, at $78.44 per share, Linamar pays a 1.03% dividend. For the last 10 years, the total return is 507.07% (19.74% CAGR).

Combating supply chain disruption

The Bank of Canada keeps harping on the supply chain disruption that's causing the fast-rising inflation in Canada. Because of this significant challenge, companies like **Descartes Systems Group** (TSX:DSG)(NASDAQ:DSGX) are in the limelight. The $9.65 billion company offers the most complete cloud-based logistics and supply chain management solutions globally.

Descartes's expanding global trade content enables organizations and business entities to work smarter and make well-informed supply chain and logistics decisions. Its Logistics Technology Platform in particular helps logistics-intensive companies to thrive.

The financial results in the first half of fiscal 2022 (quarter ended July 31, 2021) indicate a flourishing business. Revenue and net income grew 21.3% and 92.6% versus the same period in fiscal 2022. The EMEA (Europe, Middle East, and Africa) business segment posted the highest revenue (45.5%).

In Q2 fiscal 2022, net income compared to Q2 fiscal 2021 increased by a whopping 121%. Edward J. Ryan, Descartes's CEO, said, "We continue to focus on helping our customers thrive in the face of an increasingly dynamic, complex global trade landscape." On the TSX, the share price is $113.79 — a year-to-date gain of 52.84%.

Exceptional buys

Dividend stocks are typical investment choices of TFSA investors. However, value stocks Linamar and Descartes Systems could be the exceptions. The respective businesses are still scratching the surface. Their most recent earnings results point to massive growth and doubling your investment in 10 years or less.

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2. Investing

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2. TSX:DSG (The Descartes Systems Group Inc)
3. TSX:LNR (Linamar Corporation)

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Date
2025/08/21
Date Created
2021/11/23
Author
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