2 Discounted TSX Stocks to Add to Your TFSA This Month

Description

The Registered Retirement Savings Plan (RRSP) is not the only account that Canadians can use for long-term savings. Due to its flexibility, the Tax-Free Savings Account (TFSA) can be an excellent choice for both short- and long-term savings goals.

In addition to tax-free withdrawals, another key selling point of the TFSA is tax-free growth. Investments within a TFSA can compound year after year, without ever needing to pay any tax at all.

If you're saving towards a long-term goal in your TFSA, such as retirement, I'd strongly suggest investing in stocks. To truly benefit from the tax-free, compounded gains, your TFSA investments will need to earn a steady return.

Here are two top **TSX** stocks to put on your watch list in March. Both companies have a strong track record of delivering gains that have largely outpaced the broader Canadian market's return.

TSX stock #1: Shopify

If you've been waiting for a more reasonable price to start a position in Canada's largest tech company, now is the time. A price-to-sales multiple of nearly 20 is not exactly cheap, but compared to where **Shopify** (TSX:SHOP)(NYSE:SHOP) has been trading in years prior, it sure is.

Shopify has seen its stock price nearly get cut in half since the beginning of the year. Still, the tech stock is up more than 50% since the beginning of 2020, more than doubling the returns of the **S&P/TSX Composite Index**.

After joining the TSX in 2015, Shopify has been one of the top-performing Canadian stocks. Early investors are now sitting on a gain topping 2,000%.

Shopify is likely past its high-flying, multi-bagger days, with growth slowing considerably in recent years. But by no means at all do I think Shopify will begin lagging the market's return anytime soon.

The future is as bright as ever for the Ottawa-headquartered tech company. So, if you're investing for the long term, you'd be wise to own a couple of shares of Shopify.

As a current Shopify shareholder, I may be adding to my position very shortly. I don't think these discounted prices will last for much longer.

TSX stock #2: Northland Power

In addition to the tech sector, renewable energy is another area of the market that's full of buying opportunities today. As a huge bull on the rise of renewable energy, I'd urge any long-term investor to have exposure to this growing sector.

Northland Power (TSX:NPI) is a perfect stock for anyone new to investing in renewable energy. In addition to producing a range of different renewable energy sources, the $8 billion company also boasts an international presence.

The TSX stock is currently trading close to 20% below 52-week highs. Still, shares are up a market-beating 60% over the past five years. And that's not even including the company's impressive 3% dividend yield, either.

Foolish bottom line

Canadians have several options when it comes to contributing to their TFSAs. Cash, mutual funds, and GICs are three of the more popular choices. But if you're investing for the long term and focused on growth, stocks are your best bet.

The TFSA annual contribution limit this year is $6,000 — the same as it has been since 2019. That may not seem like a significant amount of money if you're saving for retirement. But if you've got decades of time until your golden years, $6,000 invested wisely can certainly compound into a meaningful investment.

CATEGORY

1. Investing

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2. TSX:NPI (Northland Power Inc.)
3. TSX:SHOP (Shopify Inc.)

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