TFSA Investors: 2 Top TSX Stocks to Buy in March

Description

With the 2021 RRSP contribution deadline now behind us, it's time to think about maxing out your Tax-Free Savings Account (TFSA).

The TFSA annual contribution limit is $6,000 in 2022 but the total limit is $81,500, dating back to 2009. Unused contributions can be carried over from year to year, so don't worry if you're behind on your savings.

Canadians have a few options when it comes to what can be held within a TFSA. To determine which funds are right for you, you'll need to have an idea of your time horizon.

If you're saving towards a short-term goal, holding a low-volatility fund, such as a GIC, would be a wise idea. But if you've got a longer time horizon and can withstand some volatility, investing in stocks is your golden ticket to building wealth.

Tax-free compounded growth

As the name suggests, one of the main selling points of a TFSA are the tax-free withdrawals. At any point in time, you can make a withdrawal from your account completely free of tax. The contribution room is also regained 12 months following the withdrawal.

Tax-free withdrawals are great, but it's not the main reason why I'm a huge fan of the TFSA. Capital gains and dividends earned within the account are also not taxed, meaning that your investments can compound year after year tax free.

The total TFSA contribution limit may only be $81,500 today. But if you've got decades of time until you plan on withdrawing your funds, the magic of compound interest could turn that $81,500 into a sizable nest egg.

To get you on your way to benefitting from tax-free compounded gains, here are two top **TSX** stocks that have loads of long-term growth potential.

TSX stock #1: Docebo

The tech sector has been going through a rough selloff over the past several months. There are plenty of market-leading tech companies across the TSX trading well below 52-week highs right now.

Down nearly 50% over the past six months, **Docebo** (TSX:DCBO)(NASDAQ:DCBO) is at the top of my own watch list right now.

The tech company has only been trading on the TSX since late 2019, but long-term investors have lots to be bullish about. Shares are already up more than 300% since the tech stock went public.

From a valuation perspective, Docebo is not exactly a cheap stock, even with a 50% pullback. If you're looking for TSX stocks with market-beating growth potential, though, expect to pay a premium.

TSX stock #2: WELL Health Technologies

Speaking of discounted growth stocks, **WELL Health Technologies** (TSX:WELL) has dropped more than 40% over the past year. In comparison, the **S&P/TSX Composite Index** is up 15%.

Early on in the pandemic, demand for WELL Health's telehealth services surged, which resulted in huge growth for the TSX stock. The company ended 2020 with a gain of more than 400%.

In the short term, investors may not be out of the woods just yet. A lot of growth was pulled forward in 2020, which is why it's not all that surprising to the TSX stock correct itself over the past year. It's anybody's guess as to where WELL Health will be trading at the end of the year.

If you're investing for the long term, though, telemedicine is one industry that I'd strongly encourage gaining exposure to. And with WELL Health trading below $5 a share today, this is a fantastic time to start a long-term position in the telemedicine company.

CATEGORY

1. Investing
2. Tech Stocks

TICKERS GLOBAL

1. NASDAQ:DCBO (Docebo Inc.)
2. TSX:DCBO (Docebo Inc.)
3. TSX:WELL (WELL Health Technologies Corp.)

PARTNER-FEEDS

1. Business Insider
2. Koyfin

3. Msn
4. Newscred
5. Quote Media
6. Sharewise
7. Smart News
8. Yahoo CA

PP NOTIFY USER

1. kduncombe
2. ndobroruka

Category

1. Investing
2. Tech Stocks

Date
2025/09/10
Date Created
2022/03/11
Author
ndobroruka