



2 Top TFSA Stocks for the Next 5 Years

Description

Our Tax-Free Savings Account (TFSA) room is limited. So, we've got to make it count! No matter how many TFSAs we have, we only have a TFSA limit of \$6,000 in 2022. In other words, your total TFSA room this year would include this \$6,000, unused room from previous years, and previous year withdrawals that you haven't re-contributed.

How do we make our TFSA contribution count? Aim for total returns! That is, you want to make the most returns while taking into account the risks you're taking. By having an investment horizon of at least five years, you can consider higher risk but potentially higher-return investments like stocks. Here are two top stocks for your TFSA that could potentially deliver satisfactory total returns over the next five years.

NorthWest Healthcare Properties REIT

NorthWest Healthcare Properties REIT ([TSX:NWH.UN](#)) owns hospitals, healthcare facilities, or medical office buildings in Canada, the U.S., Brazil, Germany, the U.K., Australia, and New Zealand. Its diversified portfolio consists of approximately 17.6 million feet across 224 properties.

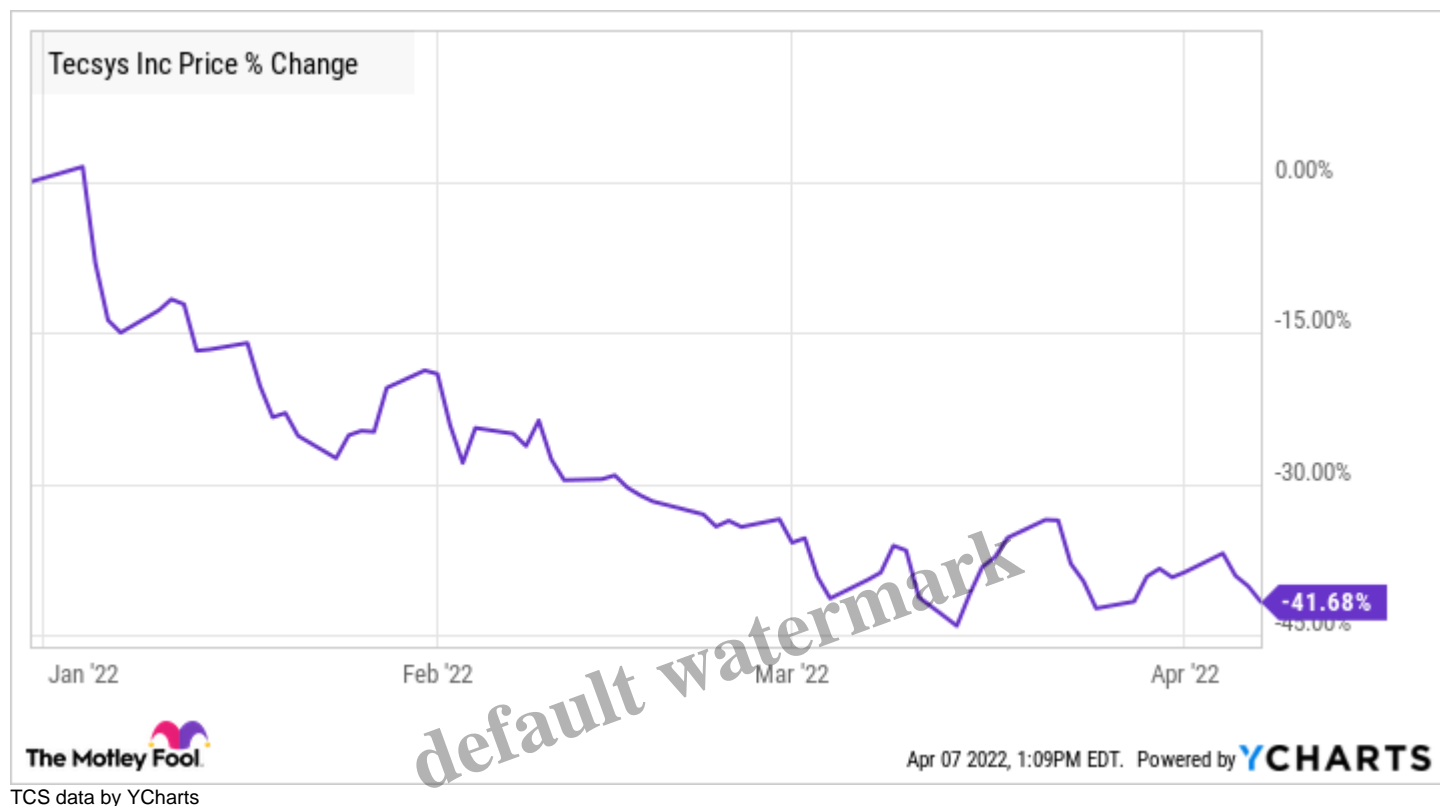
Importantly, it has a long weighted average lease expiry of close to 15 years and a high occupancy of roughly 97% that contribute to stable cash flows. The defensive REIT also enjoys inflation protection from inflation-indexed and annual contractual rent growth.

After dipping from \$14 and change to \$13 and change per unit, the dividend stock can deliver annualized returns of about 7-9% over the next five years. A significant portion of its returns come from its high monthly cash distribution that yields about 5.87% at writing. It's a neat defensive investment for conservative investors looking for stable income.

Small-cap stock

Tecsys ([TSX:TCS](#)) stock has been battered down year to date. It's now trading at only a fraction of its

intrinsic value. According to Yahoo Finance, the consensus price target across six analysts implies the small-cap stock trades at basement prices with a discount of over 40%! The company's liquidity and solvency ratios look fine. Consequently, patient investors with a long-term investment horizon could be handsomely rewarded.



Last month, Stephen Takacsy still had high conviction in the long-term growth outlook of the company.

“[Tecsyst](#) has been a core holding of mine since I recommended it in 2019. It sells supply-chain management software solutions which enjoys high demand, mostly to U.S. healthcare, retailers, and auto parts. It has a work backlog. But the stock has fallen along with the tech sell-off. TCS is trading at a third of its peer's (i.e., **Kinaxis**) valuation, so it's cheap. A quality growth name with years of growth coming.”

Stephen Takacsy, president, CEO and chief investment officer at Lester Asset Management

Before you invest in your TFSA

Interests, dividends, and price gains earned inside TFSAs are tax free. The tax-free room is too valuable to mess up. Therefore, be cautious to invest within your risk tolerance and investment knowledge. Everyone's investment style is different. Stick with what's comfortable for you. With that said, long-term [TFSA](#) investors with an investment horizon of at least five years can look more closely at NorthWest Healthcare Properties REIT and Tecsyst stocks to see if they fit in their portfolios.

CATEGORY

1. Dividend Stocks

2. Investing

TICKERS GLOBAL

1. TSX:NWH.UN (NorthWest Healthcare Properties Real Estate Investment Trust)
2. TSX:TCS (Tecsyst Inc.)

PARTNER-FEEDS

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3. Msn
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Author

kayng

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