3 TSX Stocks for Stellar Tax-Free Capital Gains

Description

The TFSA (Tax-Free Savings Account) is among the best investment vehicles to accumulate wealth. As the long-term capital gains on your investment are not taxed, it enhances the overall returns. Further, stocks appeal the most among the wide range of investments allowed in a TFSA. The reason is simple. Stocks have higher return potential. However, one should understand that as stocks have higher returns potential, they also carry higher risk.

With that in the backdrop, let's delve into three TSX stocks that have the potential to deliver solid tax-free returns in the long term.

goeasy

Financial services provider **goeasy** (TSX:GSY) is a reliable long-term investment to outperform the broader market averages. It has continuously delivered double-digit revenue and earnings growth for more than a decade. Further, it has delivered outsized returns for its shareholders in the past.

Besides solid capital gains, goeasy has consistently enhanced its shareholders' returns through higher dividend payments. For instance, it has paid dividend for 18 years and increased it for eight consecutive years.

Looking ahead, a large lending market, higher loan origination, new product launches, and channel and geographic expansion would support its financials. Further, higher ticket size, benefits from acquisitions, and increased penetration of secured loans would accelerate its growth. Also, its strong payments volumes and operating leverage could continue to support its profit and dividend payout.

Notably, goeasy's dividend has a CAGR of 34.5%, and its ability to generate strong earnings indicates that it could continue to grow its dividend further at a healthy pace. Overall, goeasy has multiple growth vectors and has the potential to deliver solid shareholders' returns in the long term.

Cargojet

Like goeasy, **Cargojet** (TSX:CJT) has consistently delivered solid financials and impressive returns. Its strong overnight domestic network, focus on diversifying its revenue, and high retention rate provides a solid growth platform.

Further, its long-term contracts, minimum revenue guarantee, and cost pass-through provisions support its financials. Also, an accelerated demand from e-commerce and the focus on growing its international footprint bode well for growth.

Notably, Cargojet stock has witnessed a pullback in the recent past on account of general selling in the market due to macro and geopolitical concerns. This provides a solid entry point for investors with a medium- to long-term outlook. The optimization of its network, growing fleet size, and next-day delivery capabilities position it well to capitalize on the growing air cargo demand and support its stock price.

Shopify

The recent slump in **Shopify** (TSX:SHOP)(NYSE:SHOP) stock represents a solid opportunity to buy and hold this e-commerce giant in your TFSA portfolio. Further, it proposed a 10-for-1 stock split, which will make it well within reach of investors.

While its growth has slowed due to tough comparisons and economic reopening, it is likely to re-accelerate as the year progresses. Its investments in growth initiatives and structural shift toward an omnichannel platform will support its growth. Further, its ability to attract merchants to its platform, new marketing and sales channels, product expansion, and strengthening its fulfillment network provides a strong base for growth.

Overall, Shopify stock offers an attractive discount at current price levels and has the potential to deliver outsized returns in the long run.

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2. TSX:CJT (Cargojet Inc.)
3. TSX:GSY (goeasy Ltd.)
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