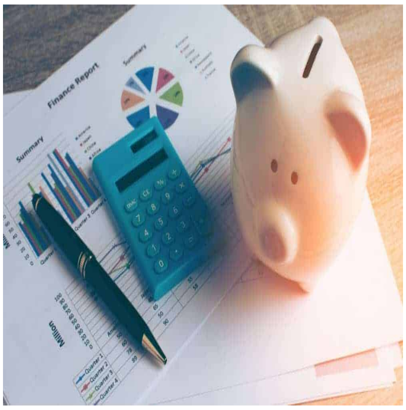

Do You Have Cash Sitting in Your TFSA? Now Is a Great Time to Buy Stocks

Description

When markets are selling off, and it seems like the investing environment continues to worsen every day, it can be difficult to put your hard-earned money to work. However, these opportunities don't come around often and are some of the best chances investors have to buy high-quality stocks while they trade cheaply, especially if you have cash in your TFSA.

Many Canadians use the TFSA as a savings account. However, to truly take advantage of the TFSA and its tax-free nature, it's crucial to put that hard-earned money to work.

This way, you can at least outpace inflation and potentially even grow your capital even faster than that. So, if you have cash sitting in a TFSA today, here are two of the best Canadian stocks to buy now.

One of the best Canadian growth stocks to buy in your TFSA

In recent years, there has been a noticeable divergence in the performance of retail stocks. Some companies have continued to find ways to offer products that resonate with consumers. In addition, these companies usually have high-quality e-commerce platforms and are constantly adapting to changing consumer trends.

One of the best stocks to buy for your TFSA today is **Aritzia** (TSX:ATZ). Aritzia is a women's fashion company with high-quality and vertically integrated operations, which are the main reasons it's such a high-performing company.

Its sales have grown substantially in recent years, as the store has expanded across Canada and is now rapidly growing south of the border. Its boutiques are substantial cash cows, but, more importantly, Aritzia has been committed to having a strong e-commerce presence since long before the pandemic.

Therefore, after its recent selloff, and with the stock now trading more than 35% off its high, it's one of the best stocks to buy for your TFSA.

The stock now trading at a forward price-to-earnings ratio of just 22 times, well below its five-year average of 38.5 times and the lowest it's been since the start of the pandemic. In addition, it's also expected to grow its earnings at a compounded annual growth rate of 14.9% over the next two years.

If you have cash sitting around, and you're looking to buy high-quality stocks in your TFSA that you can own for years, Aritzia is a bargain at these prices.

A top Canadian recovery stock

Many investors have been looking for value over the last two years watching for recovery stocks that are ready to rally after the pandemic. And while **Cineplex** (TSX:CGX) has struggled for over two years, it now could be ready for a rally, as its business rapidly recovers.

There are several recovery stocks that still look cheap today, but Cineplex is one of the best to buy for your TFSA for numerous reasons.

First off, while its operations were impacted severely during the pandemic, the stock hardly had to take on any debt or even dilute shareholders. Furthermore, thanks to plenty of pent-up demand, Cineplex is seeing a strong recovery in sales across its business as pandemic restrictions have been dropped.

Now, after reporting just $420 million in sales in 2020 and $650 million in 2021, Cineplex is estimated to see its sales jump more than 120% year over year to $1.45 billion in 2022. That would be just 12% below what it did pre-pandemic.

In addition, on those $1.45 billion in sales, analysts estimate the stock can record EBITDA of $346 million. That would mean Cineplex is currently trading at a forward enterprise value (EV)-to-EBITDA ratio of just 6.3 times right now. And, for reference, at the end of 2019, just prior to the pandemic, Cineplex's forward EV-to-EBITDA ratio was roughly 9.4 times, which is significantly higher.

Therefore, while the market is out of favour, and high-quality value stocks like Cineplex continue to trade cheap, they are some of the best to buy for your TFSA.

CATEGORY

1. Investing

TICKERS GLOBAL

1. TSX:ATZ (Aritzia Inc.)
2. TSX:CGX (Cineplex Inc.)

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