TFSA Investors: 2 TSX Stocks That Could Double

Description

The selloff in the equity market indicates that now is an opportune time for investors to invest in high-quality stocks through their Tax-Free Savings Accounts (TFSAs). Buying top TSX stocks cheap and holding them for the medium to long term increases the odds of doubling your investments. With that backdrop, here are my top two picks for your TFSA portfolio.

Cargojet

Cargojet (TSX:CJT) provides time-sensitive air cargo services. Thanks to its robust demand for its services and market-leading position, Cargojet has consistently delivered stellar financials and outperformed the broader markets by a substantial margin over the past decade.

Despite the company's strong financial and operating performances, Cargojet stock witnessed a fair amount of selling in the recent past. Moreover, its stock has decreased by about 31% from the 52-week high.

I see this as an opportunity for TFSA investors to buy the shares of this high-growth company at a discount. While tough year-over-year comparisons and deceleration in e-commerce growth could limit the upside in Cargojet stock in the near term, the fact that it continued to invest in growth initiatives augurs well for long-term growth.

It's worth mentioning that Cargojet has reduced its debt, paid down its aircraft leases, and increased its fleet size, which is encouraging. Moreover, its focus on improving its average daily volumes and reducing costs is positive.

Notably, Cargojet's strong domestic network enables next-day delivery for the courier industry to most Canadian households. Moreover, its fuel-efficient fleet, long-term customer contracts, minimum revenue guarantee, and ability to pass on costs to its customers bode well for the company and its shareholders.

Overall, Cargojet's strong competitive position in the domestic market, diversified revenue, solid business model, international growth opportunity, and growing e-commerce penetration will likely drive its stock price higher.

goeasy

Shares of subprime lender **goeasy** (TSX:GSY) could be a solid addition to your TFSA portfolio, and there are good reasons for that. It's worth noting that goeasy has delivered exceptional returns over the past decade and has significantly outperformed the broader market averages.

The solid appreciation in goeasy stock is supported through its robust financial performance. For context, goeasy's top line and earnings have increased at a double-digit rate for over a decade.

Despite the ongoing momentum in its business, goeasy stock has fallen by about 47% from its 52-week high. This pullback presents a solid opportunity for buying.

Looking ahead, goeasy's management remains confident and expects to deliver double-digit growth in its revenues in the coming years. What stands out is that goeasy expects to expand its operating margins by 100 basis points annually over the next three years.

Leverage from higher sales, its solid credit and repayment volumes, and focus on margin expansion will likely cushion its earnings. goeasy's wide range of lending products, new product launches, and multi-channel offerings will likely support its growth. Furthermore, its ability to consistently grow its loan portfolio, growing loan ticket size and a higher mix of secured loans are positives.

Thanks to its robust earnings growth, goeasy has increased its dividend at a CAGR of 34.5% in eight years. Moreover, goeasy has been paying dividend for about 18 years.

The ongoing momentum in goeasy's business, multiple growth catalysts, and focus on enhancing shareholders' value make it a solid long-term investment.

CATEGORY

1. Investing

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2. TSX:GSY (goeasy Ltd.)

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