3 Cheap TSX Stocks You'll Regret Not Adding to Your TFSA

Description

Most top TSX stocks have lost a notable portion of their value amid the recent selloff. While macro uncertainty could keep the equity market volatile, now is an excellent time for investors to add stocks to their TFSA (Tax-Free Savings Account) portfolio and eventually benefit from the price recovery. Against this backdrop, here are three stocks you'll regret not adding to your TFSA portfolio at current price levels.

Aritzia

Aritzia (TSX:ATZ) stock has grown at a CAGR (compound annual growth rate) of 38% in three years. Its market-beating returns came on the back of its stellar financial performances. Notably, Aritzia's top line has grown at a CAGR of 19% since 2018. Thanks to the solid sales and operating leverage, its adjusted net income grew at a CAGR of 24% during the same period.

While Aritzia continues to perform well, its stock corrected about 23% from the 52-week high amid the recent selling in the market. This pullback is a buying opportunity for TFSA investors. Aritzia's strategy of boutique expansion will continue to support its growth. The new boutiques support its revenue and profitability and drive brand awareness. It has identified 100 locations in the U.S. market, implying it has a significant runway to grow.

Aritzia's investments in e-commerce, geographic expansion, and product expansion could drive its organic sales. Meanwhile, tight expense management and pricing/mix will likely support its bottom line.

WELL Health

WELL Health (TSX:WELL) took the spotlight amid the pandemic. Its offers digital healthcare services that witnessed stellar demand amid COVID restrictions. Thanks to the stellar demand, WELL Health stock skyrocketed. However, economic reopening weighed heavily on this stock, erasing a significant portion of its value. However, what attracts is that the company continues to produce amazing growth, despite tough year-over-year comparisons and the easing of pandemic restrictions.

For instance, this fiscal year, WELL Health's top line surged 395% and 127% year over year in the first and second quarter, respectively. What's more? WELL Health has delivered positive adjusted EBITDA (earnings before interest, taxes, depreciation, and amortization) in the past several quarters. Also, it turned profitable on the net income front.

Thanks to the ongoing momentum in its business, and solid omnichannel patient visits, WELL Health raised its 2022 financial outlook thrice this year, which is encouraging. Its strong organic sales, focus on acquisitions, and strength in the U.S.-based virtual patient services businesses augur well for growth.

BlackBerry

Down over 50%, **BlackBerry** (TSX:BB)(NYSE:BB) stock is worth investing in at current levels. BlackBerry's IoT (Internet of Things) and cybersecurity businesses continue to generate strong revenues, despite challenges from the weak macro environment.

Thanks to the strong demand, BlackBerry expects to deliver solid sales growth over the next five years. It expects its total revenues to grow at a CAGR of 13% through 2027. The ongoing digital shift, higher enterprise spending on cybersecurity, and automation and electrification of vehicles will support BlackBerry's revenues.

Sales improvement, productivity savings, customer wins, and a growing addressable market indicate that this tech stock could deliver above-average returns in the coming years. TFSA investors could use the pullback in BlackBerry stock to capitalize on the recovery in its price.

CATEGORY

1. Investing

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2. TSX:ATZ (Aritzia Inc.)
3. TSX:BB (BlackBerry)
4. TSX:WELL (WELL Health Technologies Corp.)

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