



## 2 Incredible Deals for Your TFSA Today

### Description

The Tax-Free Savings Account ([TFSA](#)) is one of the greatest inventions in the Canadian financial landscape as a tool to save more towards achieving financial freedom. Since 2009, investors have been significantly empowered through their TFSA accounts to enjoy investment returns without the huge impact of income and capital gains taxes. Tax-free gains are usually highest on investments made during market turmoil. Canadian investors who missed huge bargains on TSX stocks in 2020 shouldn't miss the incredible deals that 2022 is gifting their TFSAs as volatility spikes this year.

The maximum contribution limit for TFSA investors in 2022 is \$6,000. To take full advantage of incredible bargains on TSX stocks today, investors may use any unutilized contribution room from previous years, up to a maximum of \$81,500. Market dips in 2022 may offer the best entry points for outsized returns in a TFSA, especially on highly taxable assets.

I'm not calling a bottom on the TSX [bear market](#) today, of course. So much uncertainty is in the air globally. Most noteworthy, no one has perfectly timed the market with repeated success. There's room for the market to fall further as the TSX catches the potential recession sneeze. Spreading one's purchases (dollar-cost averaging) could improve the chances of capturing market bottoms when investing TFSA contributions.

Bargain hunters may find incredible bargains in the beaten-down real estate and technology sectors. Two incredible deals for your TFSA today may include a heavily discounted **Primaris Real Estate Investment Trust** ([TSX:PMZ.UN](#)) and promising growth stock **MDA Ltd.** ([TSX:MDA](#)).

Let's have a closer look.

## Buy the Beaten-down Primaris REIT for Tax-Free Income in a TFSA

The Primaris Real Estate Investment Trust is a shopping center-focused REIT that spun out of H&R REIT in December 2021. Retail properties, especially enclosed malls, fell out of favour during the

COVID-19 pandemic as the malls were worst hit by regulatory restrictions during the crisis. Primaris REIT units have a steep 43% valuation discount on their net-asset value (NAV). Meanwhile, the trust pays one of the best income yields, and its distributions are among the safest in the industry.

Primaris reported a 15.4% surge in same property net operating income (NOI) year over year for the second quarter of 2022. The trust is recovering from the bad debts era of COVID-19, and pandemic pressures are giving way to a normalized retail environment.

The REIT had an occupancy rate of 86.5% by June this year after acquiring HOOPP Properties, which had an occupancy rate of 83.7% last quarter. Otherwise, legacy properties had a 92% committed occupancy rate by June. There is ample room for rental income growth as the trust leases vacant properties post-pandemic.

PMZ.UN has very low leverage with a debt-to-assets ratio of 28.8%. About 89% of its total debt is fixed-rate debt. The REIT pays an average interest rate of 3.9%. Rising interest rates aren't an immediate concern for investors today.

Primaris REIT pays a monthly distribution that yields 6.3% annually. Last quarter's distribution comprised only 50.1% of the REIT's adjusted funds from operations (FFO) and 60.2% of adjusted funds from operations (AFFO). The distribution is well covered by recurring cash flows. Distributions can grow.

Most noteworthy, income distributions from REITs are usually taxable. The best way to avoid high taxes is to invest in REITs through your TFSA for maximum income protection.

## MDA Ltd.

The TFSA is the best place to stash your moonshots. High-growth assets will thrive tax-free, and you don't need to worry about hefty capital gains taxes. MDA Ltd. is an interesting growth play as the space technology race gains momentum. MDA stock is down 58% from its recent highs during the past year, yet the business could grow sales by 30% to 35% year over year in 2022.

The company's order backlog keeps growing in 2022. Orders at \$1.52 billion by June were 137% higher year over year, and the company signed new deals in September. As satellite launch costs decline, and new mobile devices, notably **Apple's** iPhone 14 and Huawei's Mate 50, incorporate satellite communications capabilities, investments in new communications satellites will keep growing. MDA is a preferred technology partner with a 50-year track record.

MDA stock could revalue and rally higher in the next few years. Stashed in a TFSA, investors' capital gains on MDA may be tax-free.

### CATEGORY

1. Investing
2. Tech Stocks

### TICKERS GLOBAL

1. TSX:MDA (MDA Ltd.)

2. TSX:PMZ.UN (Primaris Real Estate Investment Trust)

#### **PARTNER-FEEDS**

1. Business Insider
2. Flipboard
3. Koyfin
4. Msn
5. Newscred
6. Quote Media
7. Sharewise
8. Smart News
9. Yahoo CA

#### **PP NOTIFY USER**

1. brianparadza
2. cleona

#### **Category**

1. Investing
2. Tech Stocks

#### **Date**

2025/07/17

#### **Date Created**

2022/09/26

#### **Author**

brianparadza

default watermark

default watermark