TFSA: 3 TSX Stocks to Buy With the New $6,500 Room Limit

Description

The Canadian federal government recently announced that the annual contribution limit for the Tax-Free Savings Account (TFSA) would increase to $6,500 in 2023 from $6,000. That means the cumulative contribution limit will climb to $88,000 for those who have been eligible to contribute since the TFSA inception in January 2009. Today, I want to zero in on three TSX stocks that are worth snatching up with the new annual limit. Let's jump in.

This TSX stock offers the chance for huge tax-free growth

ATS (TSX:ATS) recently changed its name from ATS Automation Tooling Systems. This change signals that its capabilities have broadened in recent years. Shares of this TSX stock have dropped 12% in 2022, as of early afternoon trading on November 28. That has pushed the stock into negative territory in the year-over-year period.

This company released its second-quarter fiscal 2023 results on November 9. ATS delivered revenue growth of 12% to $588 million. Meanwhile, Order Bookings jumped 57% year over year to $804 million. Its Order Backlog climbed 38% to $1.79 billion. ATS posted revenue growth of 16% to $1.19 billion in the first six months of fiscal 2023. Adjusted basic earnings per share increased 12% to $1.14.

Shares of this TSX stock currently possess a price-to-earnings (P/E) ratio of 30. That puts ATS in favourable value territory compared to its industry peers. This is still one of my favourite stocks to stash in a TFSA for the long haul.

Don't sleep on this REIT that can provide big income in your TFSA

Canadian investors who are hungry to churn out passive income in their TFSA may want to consider one of the top real estate investment trusts (REITs). **Northwest Healthcare REIT** (TSX:NWH.UN) is a fantastic option. This Toronto-based REIT owns and operates a global portfolio of high-quality healthcare real estate. Its shares have plunged 25% in 2022 at the time of this writing.

In the third quarter of 2022, Northwest delivered revenue growth of 21% to $115 million. Meanwhile, total assets under management (AUM) climbed 24% to $10.6 billion. This TSX stock last had a very attractive P/E ratio of 8.2. Better yet, Northwest offers a monthly distribution of $0.067 per share. That represents a monster 7.8% yield.

One more TSX stock to snatch up for tax-free gains right now

Aritzia (TSX:ATZ) is the third and final TSX stock I'd look to snatch up with the annual limit increase that kicks in next year. This Vancouver-based company designs and sells apparels and accessories for women in North America. Shares of Aritzia have dropped 2.4% in the year-to-date period. The stock is down slightly year over year.

The company unveiled its second-quarter fiscal 2023 earnings on October 12. It posted revenue growth of 50% to $525 million. Meanwhile, it reported adjusted net income of $0.44 per diluted share — up from $0.39 per diluted share in the second quarter of fiscal 2022. This TSX stock possesses a P/E ratio of 33, which puts Aritzia in favourable value territory compared to its industry peers.

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2. TSX:ATZ (Aritzia Inc.)
3. TSX:NWH.UN (NorthWest Healthcare Properties Real Estate Investment Trust)

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