



TFSA Investors: 4 Top TSX Stocks You'll Want to Own in 2021

Description

The Tax-Free Savings Account (TFSA) contribution limit is now confirmed for 2021. As many investors had suspected, the limit will remain at \$6,000 for the third consecutive year. With inflation rates expected to be at 1% in 2021, the Canada Revenue Agency decided not to increase the contribution limit.

Withdrawals from a TFSA can be made at any time, without any sort of tax penalty. In addition to that, capital gains are not taxed either. As a result, TFSAs can be used for both short- and long-term goals.

I've put together a list of four top TSX stocks that Canadian investors should seriously consider adding to their TFSA in 2021. Together, the four companies can act as a solid base for any investor looking to build a [long-term investment portfolio](#).

I've labelled this as a long-term basket, since these companies lean towards high growth and expensive valuation. Volatility should be anticipated in the short term, but there is plenty of market-beating growth potential over the long term.

Shopify

It's no surprise that Canada's largest company, **Shopify** ([TSX:SHOP](#))([NYSE:SHOP](#)), fills one of the four spots. The \$165 billion company continues to deliver incredible growth that not even a global pandemic could slow.

Shopify recently reported year-over-year quarterly revenue growth of 96%, which followed a quarter where the company reported revenue growth of 97%.

The recent revenue growth has translated into share price appreciation. Shopify stock is up more than 150% year to date and an incredible 3,700% over the past five years.

The tech giant trades today at a very high valuation. It's priced at a frothy price-to-sales (P/S) ratio of more than 60.

Volatility is to be expected in the short term, but there's no reason to believe that Shopify won't continue to crush the market's returns over both the short and long term.

Lightspeed POS

Sticking with high-growth expensive tech stocks, I'm adding **Lightspeed POS** ([TSX:LSPD](#))([NYSE:LSPD](#)) to the basket.

A P/S ratio of 35 is far from cheap, but the high valuation is definitely warranted for this company.

Lightspeed was initially hit hard by the pandemic. Many of the company's brick-and-mortar customers were forced to temporarily close down to respect social-distancing policies. As a result, revenue growth slowed during the early months of the pandemic. But Lightspeed has demonstrated throughout this difficult year that it's not just a point-of-sale hardware provider to brick-and-mortar retailers.

Investors have begun to truly understand the value of Lightspeed's robust cloud-based e-commerce platform, which has led to share price growth of close to 400% since April.

BlackBerry

I'm not done with tech stocks just yet. This stock is nowhere near the valuation of the previous two companies, though.

BlackBerry ([TSX:BB](#))([NYSE:BB](#)) is a bit of an enigma for investors. The tech company was once one of the top growth stocks in Canada, as it was a leader in the ultra-competitive smartphone market. It has since gone through a radical transformation and is now working its way to becoming a leader in a completely different industry.

BlackBerry hasn't been a market-beating stock for years, but [that could change very soon](#). The tech company has established itself as a top player in the cybersecurity industry, specializing in data protection and endpoint security management.

A recent partnership with **Amazon** sent the stock surging earlier this month. The two companies announced they would be working together on developing a cloud-based platform to service the auto industry.

The recent surge might make investors think they have missed the boat here, but that is far from true. BlackBerry is just getting started on its turnaround, and you won't want to miss loading up before it really takes off.

Toronto-Dominion Bank

The Canadian banks might not deliver market-beating growth on a yearly basis. They can, however, can provide stability to a portfolio and a dividend yield that is hard to match.

Valued at a market cap of \$130 billion, **Toronto-Dominion Bank** ([TSX:TD](#))([NYSE:TD](#)) is the second-largest bank in Canada.

What makes TD Bank stand out to me is its geographic presence. More than a quarter of the bank's net income is driven from the U.S.

Considering the rate at which the U.S. market has grown over the past decade, having a considerable amount of exposure to the U.S. economy is why TD Bank is my top Canadian bank to own.

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3. NYSE:SHOP (Shopify Inc.)
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