Young Investors: 3 “Hold Forever” Canadian Investments to Get Your TFSA Portfolio Started

Description

If you’re a millennial who’s been merely using the TFSA as a “high interest” savings account, you’re not leveraging the tax-free vehicle properly, and it could cost you millions of dollars by the time you hit retirement age. By using the TFSA as a savings account or vehicle for risk-free securities, you’re not only surrendering a massive chunk of your future wealth, but you’re actually losing money every single year through the insidious effects of inflation.

Now, if you’re expecting to make a down payment on a house within the next five years, then it’s fine to hoard low-risk, low-return securities, GICs, and cash within your TFSA. But if you’re like many other debt-free young people who have no intention of buying real estate over the near future (it’s too darned expensive), then you should strongly consider gradually dipping your toe in the investment waters as you learn more about how to craft your own TFSA retirement account in the most efficient way possible.

Now, you don’t need to be a market wizard to participate in the profound wealth creation of the markets. An index fund or ETF (funds that trade like stocks) like the **Vanguard S&P 500 Index ETF** (TSX:VFV) is a great place to start, and by keeping your costs low, you’ll be well ahead of most investors who pay obscene fees for actively-managed mutual funds, which are like kryptonite to a TFSA retirement account.

Index funds will give you instant diversification, and while you won’t be able to beat the market, you definitely won’t lose to it either, especially if your fees are kept low.

After you’ve got a solid base in the form of an index ETF, and assuming you’ve done a bit of homework on how stocks work, you’re ready to select your own stocks!

With a prudent strategy, a long-term mindset, patience, and discipline, you can easily construct a portfolio that can crush the markets over the long haul. Best of all, you won’t need to trade in and out of stocks or pay attention to the overwhelming day-to-day moves that your stocks may exhibit if you’re an investor who’s in it for the long-term and not a trader who risks money to earn shorter-term gains.

The VFV should be the first stock (technically it’s an ETF) in your portfolio. After that, you should pick up some blue-chip dividend-growth kings such as **Toronto-Dominion Bank** (TSX:TD)(NYSE:TD) and **Restaurant Brands International** (TSX:QSR)(NYSE:QSR) on weakness.

At current levels, both TD Bank and Restaurant Brands are best-in-breed names that are trading at considerable discounts to their intrinsic value, and after you’ve added them to your TFSA, you can completely tune out and watch your TFSA swell in value.

TD Bank is the “must own” Canadian bank that I believe is best-positioned to offer investors the highest magnitude of dividend growth over the next decade thanks to management’s risk-averse, and extremely profitable growth strategy. TD Bank has made tremendous strides into the U.S. market, and with massive investments in next-gen financial technology, investors should expect more outstanding results for many decades to come.

Restaurant Brands is the parent company behind Burger King, Popeye's, and Tim Hortons. The company has been plagued with negative press and franchisee-franchisor communication hiccups over the last year. When you take a longer-term view, Restaurant Brands is a capital-light, cash flow rich business that can reward shareholders with huge dividend hikes without compromising on the growth front.

The managers at Restaurant Brands are exceptional stewards, and over the next decade, it'll become more apparent that the company is taking over the fast-food world one acquisition at a time.

There are few growth stocks out there that could realistically sustain high double-digit growth numbers over the next few decades. With the ability to raise its growth ceiling through strategic acquisitions, Restaurant Brands is a must-own name that could help any invest retire rich.

Foolish takeaway

Both TD Bank and Restaurant Brands are permanent holds for any young person's TFSA. The both offer sustainable long-term growth and dividend growth which will do wonders for any buy-and-hold-forever type of investor. Add VFV for instant diversification, and you've got yourself a TFSA fund that'll be exponentially times more valuable than a cash or bond TFSA portfolio by the time you're ready to hang up the skates.

Stay hungry. Stay Foolish.

CATEGORY

1. Dividend Stocks
2. Stocks for Beginners

TICKERS GLOBAL

1. NYSE:QSR (Restaurant Brands International Inc.)
2. NYSE:TD (The Toronto-Dominion Bank)
3. TSX:QSR (Restaurant Brands International Inc.)
4. TSX:TD (The Toronto-Dominion Bank)
5. TSX:VFV (Vanguard S&P 500 Index ETF)

PARTNER-FEEDS

1. Msn
2. Newscred
3. Sharewise
4. Yahoo CA

Category

1. Dividend Stocks
2. Stocks for Beginners

Date
2025/08/26
Date Created
2018/10/09
Author
joefrenette