



2 Stocks That Are Ideal for a TFSA

Description

If you've put money into your Tax-Free Savings Account (TFSA) but aren't sure which stocks to invest in, the good news is that you have plenty of options. Below, I'll show you two stocks that you can put in your TFSA today that you can buy and forget about that are safe bets to help grow your portfolio's value over the long haul.

Toronto-Dominion Bank ([TSX:TD](#))([NYSE:TD](#)) is always going to be a great investment, but with the stock falling 5% since the end of September, there's even extra incentive to buy shares of the top bank stock today. Financial stocks have [struggled](#) in 2019, and TD has been no exception. It's a bit surprising given that the economies in Canada and the U.S. have continued to perform very well.

If that continues to be the case in 2020, then TD and other bank stocks could be due to rally in the new year. And even if that doesn't happen, investors can collect TD's 4% dividend while they wait for financial stocks to start seeing some more bullishness.

That's why whether you buy TD today, a few months from now, or even in 2021, it'll still be a good stock to buy and hold. With the stock's dividend payments rising over the years, there's little incentive in waiting and trying to time the exact moment to buy shares of the bank stock.

Trading at a PEG ratio of 1.5 and a forward price-to-earnings multiple of just 10, it may already be an optimal time to invest in TD. If you're hoping for the stock to fall even further, you may miss out on a great opportunity. For the vast majority of 2019, TD's shares have seen strong support at \$70, and even though it isn't coming off a strong quarter, that may not be enough to bring the stock much further down, especially since it's already a deal.

If you're not looking to invest into just a single stock, you may want to consider buying shares of **BMO Canadian Dividend ETF** ([TSX:ZDV](#)). The ETF will give you a broad selection of stocks to hold that will pay dividends. Investors will benefit from a lot of diversification and won't have to worry about the performance of one individual stock.

The ETF has risen by 17% this year, slightly falling short of the 20% gains that the TSX has enjoyed. But it's still well above the 8% increase that TD's stock has seen over the same period. And what's

even better is that the ETF pays a higher dividend than TD as well, averaging a 12-month yield of over 4.7%.

It holds some of the top dividend stocks on the TSX, including **Enbridge**, **Inter Pipeline**, and many others. With a good cross-section of stocks, investors can expect similar returns to that of the TSX. And with the holdings averaging a price-to-earnings multiple of around 14.4, investors aren't going to be investing in overvalued stocks either.

Bottom line

If you don't know what to invest in, these two stocks are good options to put into your TFSA today. You'll earn [dividend income](#) and likely benefit from capital appreciation as well, with both investments being tax-free inside of your TFSA.

CATEGORY

1. Bank Stocks
2. Dividend Stocks
3. Investing

POST TAG

1. Editor's Choice

TICKERS GLOBAL

1. NYSE:TD (The Toronto-Dominion Bank)
2. TSX:TD (The Toronto-Dominion Bank)
3. TSX:ZDV (BMO Canadian Dividend ETF)

PARTNER-FEEDS

1. Business Insider
2. Msn
3. Newscred
4. Sharewise
5. Yahoo CA

Category

1. Bank Stocks
2. Dividend Stocks
3. Investing

Tags

1. Editor's Choice

Date

2025/06/30

Date Created

2019/12/31

Author

djagielski

default watermark

default watermark