Got $2,000? Invest in These 2 Top TFSA Stocks!

Description

Stashing $1,000 in most companies won't see huge returns. For some of the most expensive names, that amount won't even get you very many shares. But investors can build positions in must-have companies over longer time periods. They can do this by adding to a position in smaller amounts as a market declines. With plenty of potential for a market crash, investors should have a game plan for buying devalued quality stocks.

There are a number of benefits to building a position over a longer time period. One main positive is that it reduces capital risk. Today, we will take a quick look at a pair of Tax-Free Savings Account (TFSA) stocks worthy of an extra grand's worth of shares. These names would suit the general low-risk TFSA investor looking for steady wealth creation over a multi-year period.

A top bank stock for TFSA investing

Up 6.1% in five days at the time of writing, **TD Bank** (TSX:TD)(NYSE:TD) is enjoying a market-wide lift that has seen the **TSX Composite Index** up 0.8%. While the index may not be significantly buoyant, any positivity under the current circumstances should be cause for celebration. TD Bank's 5.1% dividend is suitably rich, while its market ratios are perennially attractive. A P/E of 10.8 and P/B of 1.3 denote a well-valued buy.

At $63 a share, TD Bank has lost some of that good value for money that followed the March selloff. However, TD Bank is still a good pick for the value-minded investor, as those sober market ratios illustrate. If investors are seeking some battered shares, a pullback could follow the U.S. election this fall. Having some cash on hand specifically to snap up cheaper shares would be a strong play.

The pure-play communications pick

Telus (TSX:T)(NYSE:TU) is nicely priced at just over $24 a share. With earnings season now in the rear-view mirror for Canadian telcos, Telus is a strong buy. Its mix of media-light assets sidesteps the advertising revenue woes that befell its two closest competitors mid-pandemic. A 4.8% dividend yield is also on offer from this wide-moat stock. This makes Telus a strong play for long-term TFSA income investing.

This time last year, I wrote: “If growth is part of your investment purview and you like attractive fundamentals, Telus is a fairly safe pick. Its wireless segment has seen consistent growth over the last 10 years as a proportion of the company’s total sales, meaning that this is the stock to invest in if media doesn’t do it for you and you want a simple play in the telecom space.”

Let’s go back to that media exposure for a moment. **BCE** and **Rogers** were both hamstrung by their media exposure. Back in 2019, volatility in the content-streaming space made Telus look like a safer choice. Knee-deep in a pandemic situation, it’s actually the withering of advertising revenues that brought the real danger from media exposure. Either way, Telus avoids all of the above. This name is therefore a relatively low-volatility pick for a sleep-easy TFSA.

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