



## TFSA Investors: 2 Top Canadian Stocks to Buy Before 2021

### Description

The Tax-Free Savings Account (TFSA) [contribution limit was raised](#) by \$6,000 for 2021. That is great news for Canadian investors! If you were 18 years old or older in 2009, you will now be able to contribute a grand total of \$75,500 into your TFSA.

The TFSA is unlike any other Canada Revenue Agency (CRA) savings program. Any after-tax sum contributed to the account can be invested, and every capital gain, dividend, and interest earned will remain protected from the CRA. There are a few exceptions to the rule (foreign dividends, excessively traded stocks, etc.), but the point is, it is the best place to compound your hard-earned wealth.

Do you have some extra TFSA room before the 2021 \$6,000 top-up? Here are two top Canadian stocks that would be great for a long-term hold in your TFSA.

### TFSA stock one: Telus

**Telus** ([TSX:T](#))([NYSE:TU](#)) is great stock to own in your TFSA. I am not really a huge fan of telecoms in general. Yet, Telus has been growing on me over the past year. Telus's wireline and wireless businesses are relatively boring and predictable. However, they continue to demonstrate strong overall growth compared to peers. In fact, Telus added an industry-leading 277,000 net customers in its recent third quarter.

Telus has made it a priority to provide the best-quality fibre broadband and wireless data networks. It is now paying off in strong customer expansion. Not only that, but it has added a number of product lines (security, smart home, health monitoring) that provide attractive value-adding bundles for new customers. Consequently, despite even the pandemic, the company has still seen strong free cash flows. This was affirmed when Telus raised its dividend by 7% this quarter.

Lastly, Telus has been investing heavily into a number of promising digital growth verticals (health, IT, and agriculture). While these are small compared to its major business segments, they are in higher growth market segments. If spun-off, they could unlock significant value for shareholders. Combine a great 5% yield, a strong cash flow outlook, and upside from young growth segments, and I think this is

a perfect TFSA stock.

## Canadian stock two: Brookfield Asset Management

Another Canadian stock that every TFSA investor should own is **Brookfield Asset Management** (TSX:BAM.A)([NYSE:BAM](#)). If you've ever read any of my articles, you have likely heard me rave about this company. BAM is the largest manager of alternative assets in the world. It has over \$575 billion of assets under management. This includes investments in real estate, renewable power, infrastructure, private equity, debt, and now even insurance.

Each of these businesses are substantial entities in their own right. BAM makes its bread and butter as the operator of these entities and private/institutional capital funds. Through management fees, it gets the first right to a piece of each funds' earnings. It then reinvests the capital and compounds it into new projects. So far, it has been pretty effective.

Since 2016, it has grown its total assets under management and fee-related earnings by a CAGR of 25% and 20%, respectively. In a low-for-long interest rate environment, management believes it could do even better than that going forward. Institutional capital is flocking to alternatives/real assets for higher-yielding returns. As a result, BAM could double its assets under management and fee-bearing earnings in as little as five years. All that is a perfect formula for compounding your TFSA capital.

This stock doesn't pay a high yield. Yet, its ability to compound capital in a risk averse manner makes it [one of the best in its industry](#). The stock is cheap today, but it won't be for long! If all the largest institutions and pension funds are running to BAM, you would be wise to give it plenty of room in your TFSA investment portfolio as well!

### CATEGORY

1. Dividend Stocks
2. Investing
3. Stocks for Beginners

### TICKERS GLOBAL

1. NYSE:BN (Brookfield Corporation)
2. NYSE:TU (TELUS)
3. TSX:BN (Brookfield)
4. TSX:T (TELUS)

### PARTNER-FEEDS

1. Business Insider
2. Koyfin
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