TFSA Investors: 1 Top Growth Stock to Buy and Hold Forever

Description

The Tax-Free Savings Account (TFSA) is a wonderful tool to grow your wealth for the long haul. You get additional contribution room every year to invest in for tax-free returns for the rest of your life. It's therefore the best place to buy quality stocks for long-term investment.

Many investors hold juicy dividend stocks in their TFSAs for passive income. However, companies that pay big dividends are usually quite mature and growing their earnings approximately by 0-7% per year.

For the chance to build wealth faster, it's worth trying the strategy of holding juicy dividend stocks in your non-registered account to leave your precious TFSA room for high-growth stocks. After all, eligible Canadian dividends are favourably taxed in non-registered accounts.

With the above backdrop in mind, here is a top large-cap growth stock to consider buying and holding ideally forever in your TFSA. It has a long-term track record of profitability and growth.

A top growth stock for your TFSA

Global alternative asset manager **Brookfield Asset Management** (TSX:BAM.A)(NYSE:BAM) has multiple channels to increase shareholder value.

One of its strategies is having various subsidiaries listed on the stock exchanges, giving it the flexibility to more easily access capital from the financial markets when it makes the most sense to do so.

The growth stock owns large stakes in its subsidiaries, including investment arms in real estate, renewable power, infrastructure, and private equity. When the market greatly misprices its stocks, it has the financial flexibility to buy back shares. In the case of **Brookfield Property Partners**, BAM is actually buying it out. This demonstrates its strong financial position, being able to come up with billions of dollars during a pandemic.

As a value investor of real assets, BAM has created tremendous wealth for its shareholders. Since 2009, the growth stock has compounded shareholders' money by nearly 18% a year, essentially being a seven-bagger!

BAM looks for opportunities to sell mature assets and buy quality, often cash-cow, assets. For example, it naturally booked a whole lot more gains in 2019 when the economy was fine than in 2020 when the pandemic hit. The company is actually releasing its Q4 and full-year 2020 results today, which would be interesting to review.

The company is fine without having to sell assets because its portfolio generates rich cash flow. And it has the operational expertise to improve its underlying assets and operations.

The Foolish takeaway

It's ideal to buy Brookfield Asset Management during a market crash when its stock, too, will fall meaningfully. Today, when the stock is moderately undervalued, it's still a good scenario for buyers. Investors can look forward to the company delivering annualized returns of at least 16% over the next five years.

Right now, you can get an initial yield of about 1.2% from BAM, which is not bad given today's low interest rate. Moreover, you'll likely enjoy an increasing dividend that at least doubles the rate of inflation. (As BAM still has lots of ways to grow, it's reinvesting most of its cash flows back into growing the business.)

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