TFSA Investors: A Sure Thing? Sure Thing!

Description

It might seem like there isn't any such thing as a sure thing when it comes to investing. The stock market can feel like gambling sometimes, and it's what a lot of people think trading is. But that's simply not true. In gambling, the house wins most of the time. But in stock investing, you're the house.

What that means is that given a healthy amount of time, you'll likely win. While gambling is an unpredictable mess, the stock market isn't. If you look at most strong companies, the trend tends to be upwards. That's especially if you look at blue-chip companies.

Blue-chip companies are stocks that have decades of growth behind them and decades more ahead. These stocks tend to be household names within the industry, offering investors a strong chance of solid growth for years to come.

So, if you're looking for a sure thing for your Tax-Free Savings Account (TFSA), here's where to start.

The surest sure thing

If you really want growth now and in the future, you want to look at bank stocks. While Canada's Big Six banks will see dips and dives when there's a recession or even a poor earnings report, overall, these stocks trade up and up. Each of the banks have been around for a century or more. That means you have a hundred years behind you of solid growth.

Now if you really want a sure thing, you want to go big. That's why I would recommend a stock like **Toronto-Dominion Bank** (TSX:TD)(NYSE:TD). The bank is tied for first as the largest bank by market capitalization. But it also has the biggest growth portfolio of the Big Six banks, in my opinion.

TD Bank has been expanding into the United States, where it's now one of the top 10 banks in the country. Yet recently it closed 82 locations. While this might sound bad, it's because the company wants to get more online — a strong approach for cheap expansion. It's also expanded into wealth and commercial management, credit cards, and more — all on top of offering loan repayment programs for every type of income, meaning it sees revenue even while other banks suffer.

That's likely why TD Bank continues to trade far and above its pre-crash levels of March 2020. As of writing, it's up 19% from one year ago; that's despite a housing crash still predicted by analysts. But, as I said, you have to think big. So, looking at the last two decades, shares in TD Bank are up 693% as of writing. That's a compound annual growth rate (CAGR) of 11% as of writing! You'll also receive the stock's stellar 4.12% dividend yield, which has risen at a CAGR of 9.8% in the last decade.

Bottom line

While you can't predict when a stock is going to crash, you can predict an upward trend for strong companies like TD Bank. With decades behind it and decades ahead, you can put your money away in your TFSA knowing that when you take it out decades from now, you'll have the returns you hoped for. That, my friend, is no gamble.

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