# TFSA: 3 Exotic Assets You Can Hold Tax-Free

### Description

Most Canadians use their Tax-Free Savings Account (TFSA) as a cash account. That's tragic, because cash earns limited interest while the TFSA allows you to mitigate income and capital gains. In other words, why earn 2% a year when you can bet on high-growth tech stocks or exotic assets that deliver triple-digit gains?

Here are my top three picks for exotic assets you can hold in your TFSA to create substantial wealth tax-free.



## Bitcoin

To be clear, you can't hold Bitcoin in your TFSA directly. However, the recently launched Bitcoin exchange-traded fund (ETF) qualifies for TFSA. **Purpose Bitcoin Fund** (TSX:BTCC) tracks the performance of the world's most famous cryptocurrency. The ETF didn't exist earlier, but if you hypothetically bought it five years ago, you could have captured BTC's phenomenal 11,560% return since then.

As institutions and hedge funds have started adopting the technology recently, there could be much more upside left. BTC is up 17% over the past month alone. New payment platforms and online portals have emerged to allow everyone to transact in BTC. That's why the Purpose ETF could be an ideal TFSA growth stock for the years ahead.

## European real estate

Canada's real estate market is, by most measures, overvalued. Experts have been calling the local market a bubble and predicting a pop for years. However, the value of residential properties in our largest cities continues to climb. Rents, meanwhile, have declined.

If you're looking for a bet on fairly valued real estate with better cash flow, **Inovalis REIT** (TSX:INO.UN) could be an ideal option. The real estate investment trust focuses on properties spread across France and Germany. The underlying assets are office units in major metropolitan centres across these two European economic hubs.

Innovalis currently trades at a price-to-earnings ratio of 4.8 and offers a jaw-dropping 8.66% dividend yield. That's far better than most Canadian REITs. This could be a way to add robust recurring income and diversify your TFSA away from the Canadian economy.

## Indian stocks

Another way to diversify your TFSA away from Canada is to focus on emerging markets. **Fairfax India Holdings** (TSX:FIH.UN) is an investment firm with public and private equity investments in India. The company is managed by Canadian investment legend Prem Watsa.

Fairfax's portfolio includes a massive stake in India's national stock exchange, the third-largest airport and a rapidly expanding local bank. Several of Fairfax's largest investments are either publicly traded in Mumbai or due for a listing soon.



India's stock market has bounced back strongly from last year. An index of the 50 largest companies is up 99% since March 2020. This bull market has expanded Fairfax's book value to US$48.2. However, the stock trades at a 15% discount at US$41. That means Canadian investors can add this basket of Indian stocks to their TFSA for less than they're worth.

## Bottom line

Your TFSA was designed to mitigate all dividends and capital gains. This is why investing it in plain cash is reducing your portfolio's overall performance. Instead, you can add exotic assets like European real estate, Indian stocks, and Bitcoin to the portfolio for better tax-free returns.

**CATEGORY**

1. Investing

**TICKERS GLOBAL**

1. TSX:BTCC.B (Purpose Bitcoin ETF)
2. TSX:FIH.U (FAIRFAX INDIA HOLDINGS CORPORATION USD)
3. TSX:INO.UN (Inovalis Real Estate Investment Trust)

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