



The 2 Best TFSA Stocks to Buy in March 2021

Description

It's Canadian tax season and it's a great time to think about the Tax-Free Savings Account (TFSA). There is no better time to be reminded about the power of "tax-free" than when you need to file your tax returns.

The TFSA is such a great account for many reasons. First, and most obviously (as the name states), any funds in the account that earn interest, dividends, and/or capital gains, are not liable to be taxed.

Tax-free means keeping all your returns

Secondly, since the account is tax-free, you are not required to report any interest, income, or gains earned in the account! If you want to make tax season a lot easier for yourself year after year, the TFSA is a perfect place to put your investments. This is especially true, if you are just starting to invest.

Lastly, if you invest through the TFSA, you are in essence increasing your ability to compound wealth over time. Every year, you can improve your investment returns by as much as 10-20%. This is because you are keeping (and hopefully re-investing) the tax you would normally owe to the Canada Revenue Agency.

Now, there are contribution limits and rules Canadians need to follow. So be sure to [contact CRA](#), your bank, or a wealth advisor if you are not certain. The point is, the perfect time to start investing in your TFSA is now. Considering this, here are two great Canadian stocks that would be a great fit for a starter TFSA portfolio.

TFSA stock one: Brookfield Asset Management

The first Canadian stock that is ideal for a TFSA is **Brookfield Asset Management** (TSX:BAM-A)([NYSE:BAM](#)). BAM is a great foundational stock to any portfolio. Simply, investing in it is like investing in an entire diversified asset portfolio in itself.

As the world's largest manager of alternative assets, BAM manages real estate, infrastructure, renewable power, private equity, distressed debt, re-insurance, and almost everything in between. In a record low interest rate environment, institutional investors are flocking to BAM as an alternative to bonds.

It can borrow at very low rates, and re-invest capital into any opportunity (in the world really) where it can [find value](#). Right now, BAM is targeting to double its fee-bearing capital over the next five-years. Given the quality of its management platform and balance sheet, I believe it could do that or more.

TFSA stock two: Sylogist

Another great TFSA stock is **Sylogist** (TSXV:SYZ). This is likely a stock not many Canadians have heard of. Yet, there are a number of catalysts that make this stock attractive today. Firstly, it just got a new management team who are more transparent and have set forward an energized growth plan.

Secondly, Sylogist provides enterprise resource planning software to charities and public institutions. Consequently, it garners very predictable recurring revenues and produces high EBITDA margins (over 50%). Despite being a "tech" stock, it is able to pay a well-covered 4% dividend.

Thirdly, the company has a great cash rich balance sheet (\$43 million). This should give it capacity for a number of acquisitions and organic growth initiatives in 2021.

Lastly, Sylogist is set to graduate to the **TSX Index** from the **TSX Venture Exchange** in the next few months. This should open up its exposure to a larger institutional investment base and provide it broader market recognition.

Combine all these factors, and this is a great tech stock to hold in your TFSA. While growth may not be as quick as some other high flying tech names, slow and steady always seems to win the race.

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2. TSX:BN (Brookfield)
3. TSX:SYZ (Sylogist Ltd.)

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Author

robbybrown

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