



## 3 Stocks to Hold in Your TFSA

### Description

Your TFSA is a vital investment tool. The government implemented the account in 2009 as a way to assist Canadians in achieving their financial goals. As the name states, all returns generated through this account can be withdrawn tax-free. That means that any profits via capital appreciation and dividends won't cost you a dime (barring any fees imposed by your brokerage). With that in mind, Canadians would be wise to take advantage of this account. Here are three stocks you should consider holding in a TFSA.

### Start with this blue-chip company

If you're looking for a good company to build a portfolio around, perhaps consider one of the Big Five Canadian banks. The Canadian banking industry is highly regulated, making it difficult for smaller competitors to enter the market and displace industry leaders. As a result, the five companies at the top of the industry have built significant moats. Because of that stability, the Big Five banks are very popular among Canadians. Of that group, **Bank of Nova Scotia** ([TSX:BNS](#))([NYSE:BNS](#)) stands as my top choice.

This company interests me because of its growth potential in addition to a great dividend. In terms of growth, Bank of Nova Scotia hopes to see its bets in the Pacific Alliance pay off. The Pacific Alliance is an area which economists predict will grow at a faster rate than Canada and the U.S. in the coming years. In terms of its dividend, Bank of Nova Scotia is known as a Canadian Dividend Aristocrat. It claims a nine-year dividend-growth streak and offers a forward yield of 4.36%. This is a great stock for the cornerstone of your portfolio.

### Consider this top dividend-paying stock

Another company that Canadians should consider holding in a TFSA is **Fortis** ([TSX:FTS](#))([NYSE:FTS](#)). It provides regulated gas and electric utilities to more than 3.4 million customers across Canada, the United States, and the Caribbean. Because these utilities remain in high demand, regardless of the economic situation, Fortis doesn't seem to suffer very much during recessions. As such, this would be

a great defensive stock to hold in your portfolio.

Fortis has built a reputation of being an excellent dividend payer. The company holds the second-longest active dividend-growth streak in Canada at 47 years. This streak becomes even more impressive when you consider how many market downturns have occurred over the past five decades. As of this writing, Fortis offers investors a forward dividend yield of 3.79%.

## This company has been a reliable market outperformer

Contrary to popular belief, investors don't need to take on extreme risk in order to beat the market. In fact, certain [blue-chip stocks](#) have been able to beat the market by a wide margin over the past two decades. Take **Brookfield Asset Management** (TSX:BAM.A)([NYSE:BAM](#)) for example. With a portfolio of about \$625 billion assets under management, Brookfield is one of the largest alternative asset management firms in the world.

Since August 1995, Brookfield has been able to produce an average annual return of nearly 16%. To put that into perspective, the **TSX** has generated an average annual return of about 6% over the same period. To further drive home the point, a \$10,000 investment made in August 1995 would be worth nearly \$500,000 had you invested in Brookfield at that time. In July, the company announced [a major partnership](#) with **Tesla**, which could be another catalyst for Brookfield stock.

### CATEGORY

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

### TICKERS GLOBAL

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2. NYSE:BNS (The Bank of Nova Scotia)
3. NYSE:FTS (Fortis Inc.)
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