



TFSA Investors: 3 Stocks to Hold Based on Your Risk Tolerance

Description

As its name suggests, investing in a [Tax-Free Savings Account](#) (TFSA) allows investors to withdraw gains without having to pay any tax. Therefore, making use of a TFSA can greatly accelerate your way to financial independence. However, there's a catch that investors should be aware of. In a TFSA, you can't claim any capital losses.

That means, investors that want to stay on the safe side should invest in blue-chip stocks. However, investors willing to bet big in hopes of a large, tax-free payout could swing at home-run stocks. In this article, I'll discuss three stocks to hold in a TFSA based on your risk tolerance.

A blue-chip stock for conservative investors

As mentioned previously, investors hoping to stick to the safer side of things should stick to blue-chip companies. These are companies that are already established in their respective industries and have large moats. An example of a good blue-chip company to hold would be one of the Big Five Canadian banks. Because of the highly regulated nature of the Canadian banking industry, smaller competitors will have a hard time disrupting the Big Five. Of that group, **Bank of Nova Scotia** ([TSX:BNS](#))([NYSE:BNS](#)) is my top pick.

Bank of Nova Scotia differentiates itself from its peers by giving a lot of focus to its international business. In fact, with 2,000 branches and offices in 50 countries, Bank of Nova Scotia is known as Canada's most international bank. This international exposure could be a great source of growth over the coming years. Aside from its growth potential, Bank of Nova Scotia is known as a Canadian Dividend Aristocrat. Therefore, this stock could also provide TFSA investors with a solid source of passive income over the long run.

This stock offers growth potential at moderate risk

If you're interested in a stock that could give you a lot more growth, and don't mind taking on a bit more risk, then consider holding **Shopify** ([TSX:SHOP](#))([NYSE:SHOP](#)) in your TFSA. Shopify is a leader

within the global e-commerce industry. It provides merchants with a platform and all the tools necessary to operate online stores. One aspect that makes Shopify attractive is the wide range of solutions it offers to merchants. Everyone from the first-time entrepreneur to large-cap companies like **Netflix** will be able to find a solution suitable for their situation.

At the moment, it seems as though the sky is the limit for Shopify stock. It has already gained more than 4,000% since its IPO. However, the e-commerce industry is still very early in terms of adoption. In fact, in 2021, the online retail industry only accounted for about 6% of all Canadian retail sales. This suggests that the industry still has a lot of room to grow.

However, Shopify stock comes with a lot of valuation risk. Investors have pushed the stock so high that the company needs to continue executing at a very high level in order to maintain its value. If you believe Shopify can do that over the long term, then this would be a great stock to hold.

Swing for the fences with this stock

Investors looking for a home-run stock should consider **WELL Health Technologies** ([TSX:WELL](#)). Over the past two years, the telehealth industry has shown that there's a demand for these services. However, it still remains very low in terms of penetration. At the moment, it's unclear how long it'll take for widespread adoption to occur. It's even more unclear which companies will end up on top in a few years' time.

However, [WELL Health](#) remains one of the leaders within the Canadian telehealth industry. It has also managed to use strategic acquisitions to penetrate the massive American telehealth industry. If WELL Health can continue to grow at a steady pace and expand into more regions, it could quickly become a global contender. If that occurs, this stock could be worth so much more in the future. WELL Health is currently valued under \$1 billion. There's a lot of room for growth here.

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4. TSX:SHOP (Shopify Inc.)
5. TSX:WELL (WELL Health Technologies Corp.)

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