



TFSA Investors: Where to Spend \$6,000 in 2022

Description

The [Tax-Free Savings Account](#) (TFSA) contribution limit for 2022 is \$6,000. The same as it's been since 2019. Fortunately, unused contributions from previous years can be carried over from year to year. So, even though the limit in 2022 is \$6,000, the total contribution limit for Canadians aged 18 or older in 2009 is \$81,500.

One of the key selling points of the TFSA is its flexibility. Canadians have the option to withdraw their funds at any point in time completely tax free. Perhaps even more importantly, all capital gains can grow and compound, without ever being taxed.

Owning stocks in a TFSA

Canadians have a few options when it comes to the types of funds they can hold in their TFSA. GICs, bonds, stocks, mutual funds, or even cash are all different options for TFSA investors.

There's no right or wrong type of fund to hold in a TFSA. It's your savings goal and risk tolerance that will largely dictate which funds are best for you to own.

If you're investing for the long term and are focused on [growth](#), stocks are your best. Volatility will be much higher, though, compared to owning bonds or GICs.

For TFSA investors focused on growth, I'd put these two companies on your watch list in 2022. Together, **Brookfield Asset Management** (TSX:BAM.A)([NYSE:BAM](#)) and **Galaxy Digital Holdings** ([TSX:GLXY](#)) can provide your portfolio with both [diversification](#) and growth.

Brookfield Asset Management

There are several very good reasons to be a Brookfield Asset Management shareholder. Growth and diversification are two of the top ones.

Shares of the \$100 billion asset management company are up a market-crushing 140% over the past five years. In comparison, the **S&P/TSX Composite Index** has gained less than 40%.

But it's the diversification that really makes this Canadian stock a rare find. Brookfield Asset Management has investments spread across the globe that span a range of different industries.

You won't find many other TSX stocks as well diversified as Brookfield Asset Management that also consistently outperform the market.

If I had to choose just one stock to own in my TFSA, Brookfield Asset Management would be at the top of the list.

Galaxy Digital Holdings

The reason I'm recommending another asset management stock to TFSA investors is for diversification. Especially if you're just starting out, it's important to ensure you're not too heavily weighted towards one area of the market. Owning shares of a well-diversified assessment management company can help your portfolio greatly.

Galaxy Digital Holdings may be an asset management firm, but it's a very different business than Brookfield Asset Management. For starters, it's a much smaller company with a market cap below \$5 billion.

From a valuation perspective, it's also a much more expensive investment. But considering that shares are up 1,000% over the past five years, it's been worth every penny of its steep valuation so far.

Galaxy Digital Holdings operates largely in the digital asset space, which includes cryptocurrencies and blockchain technology. As a result, it's not surprising that stock has endured extremely high levels of volatility as a public company.

Shares are down 50% from all-time highs right now, which is actually the second time in less than a year that the stock price has been cut in half.

If you're willing to be patient and hold through inevitable pullbacks, Galaxy Digital Holdings is a solid choice for long-term growth investors.

CATEGORY

1. Investing

TICKERS GLOBAL

1. NYSE:BN (Brookfield Corporation)
2. TSX:BN (Brookfield)
3. TSX:GLXY (Galaxy Digital)

PARTNER-FEEDS

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6. Sharewise
7. Smart News
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