



Opening a TFSA? Start Investing With These 3 Stocks!

Description

Deciding to take control of your finances is one of the most important, and arguably best, things you can ever do. However, it's hard to get started on your own. So, what should you do? The first thing is open a TFSA. As its name suggests, all of the gains and dividends you generate in these accounts can be withdrawn tax-free. This can help accelerate your account's growth over time. However, you should be very cautious about which stocks you hold in a TFSA. Here are three stocks to help you get started!

Start by finding a blue-chip growth stock

Investors should try to identify established companies that have the potential to grow a lot over the coming years. One way to do this is by looking through the **TSX 60** and identifying companies that are riding secular trends. For example, **Shopify** ([TSX:SHOP](#))([NYSE:SHOP](#)) has grown to become one of the largest e-commerce companies in the world.

In fact, its stores see more traffic than **Amazon's** marketplace. However, the e-commerce industry is still very small relative to the entire retail industry. Thus, as e-commerce continues to increase its penetration of the retail industry, Shopify should continue to grow. In 2021, Shopify continued to add more companies to its already impressive list of enterprise customers (e.g., **Netflix**). It also grew its partnership network by securing a deal with **Spotify**. Shopify is my top [growth stock for 2022](#).

Add Dividend Aristocrats to your portfolio

Once you've identified an appropriate growth stock for your portfolio, it would be a good idea to balance things out by holding solid dividend stocks. It's been shown that dividend companies tend to see less-severe downturns during market crashes. This is because investors often use dividend companies as safe havens when the market starts to go south. An example of a great Dividend Aristocrat to hold in your portfolio is **Canadian National Railway** ([TSX:CNR](#))([NYSE:CNI](#)).

Canadian National Railway is the largest railway company in Canada. It operates nearly 33,000 km of track spanning from British Columbia to Nova Scotia. Canadian National's rail network also stretches

as far south as Louisiana. A Canadian Dividend Aristocrat, Canadian National has managed to grow its dividend in each of the past 25 years. That makes it one of 11 TSX-listed companies that would qualify as a Dividend Aristocrat in the United States. If you're looking for a stock that could help provide stability to your portfolio during downturns, I'd start here.

Invest in stocks with a solid moat

Other companies you hold in a TFSA should be those which have established solid moats. Essentially, a moat is a competitive advantage over its peers. Take the Canadian banking industry. Although there isn't a single company that leads the industry, the five companies that do have a very impressive moat. There's even a good chance you use one, or more, of these banks yourself.

Of that group, my top pick is **Bank of Nova Scotia** ([TSX:BNS](#))([NYSE:BNS](#)). Of the Big Five banks, Bank of Nova Scotia has focused the most on international expansion. In fact, with more than 2,000 branches and offices in 50 countries, it's known as Canada's [most international bank](#). Bank of Nova Scotia is also known as a Dividend Aristocrat, offering a forward dividend yield of 4.39%. There's a lot to like about this company in terms of growth and dividend potential.

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2. NYSE:CNI (Canadian National Railway Company)
3. NYSE:SHOP (Shopify Inc.)
4. TSX:BNS (Bank Of Nova Scotia)
5. TSX:CNR (Canadian National Railway Company)
6. TSX:SHOP (Shopify Inc.)

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