



2 TSX Stocks to Tuck Away in Your TFSA and Never Sell

Description

The [Tax-Free Savings Account](#) (TFSA) is perhaps the best registered investment account in Canada. If you want to compound your capital, the best way to do it is completely tax free. While the Registered Retirement Savings Plan ([RRSP](#)) provides tax-deductible benefits when you contribute, you must repay that tax when you eventually withdraw from the account.

No tax liability means long-term compounding in your TFSA

Whereas in the TFSA there is absolutely no tax liability. All interest, income, and capital gains earned in the account are yours. When you choose to withdraw from the account, you don't need to report or pay any tax on those gains. Consequently, the TFSA is where I put all the investments I want to just buy and hold for the very long term. No tax liability means those earnings can compound upon themselves over and over.

I plan to tuck my TFSA stocks away and never sell

The TFSA helps me stay disciplined and focused on holding great quality companies for very long periods of time. In a way, it is my "coffee can." I tuck away great quality businesses, and I don't tinker with them. While it is a simple form of investing, it is often the "tinkering" that messes up the power of compounding. If you don't mind a long-term buy-and-never-sell approach, here are two stocks to consider for your TFSA today.

Brookfield Infrastructure Partners

Brookfield Infrastructure Partners ([TSX:BIP.UN](#))([NYSE:BIP](#)) is a great TFSA stock for income and growth. It operates a diverse array of crucial infrastructure assets all over the globe. It is a great stock to hedge against inflation because over 70% of assets have inflation-indexed contracts. That means as costs increase, so do its cash flows. It just delivered [really strong results](#) with a 20% fund flow growth for 2021.

Brookfield has a 10-year history of growing its dividend by a 9.9% compounded annual growth rate (CAGR). It pays a 3.55% dividend yield today, but it just raised that dividend 6%. This stock has grown by a 15% annual average growth rate for the past 10 years. The combination of income and growth make it a great TFSA stock to tuck away and hold for many years to come.

Constellation Software

No discussion about compounding stocks would be complete without mentioning **Constellation Software** ([TSX:CSU](#)). Over the past 10 years, it has delivered a 2,743% total return (or 40% annual average return) to shareholders. Given its size (\$44 billion market capitalization), that rate of growth may not be replicated. However, even if you halved its rate of growth going forward, it would still be a very attractive investment.

The company buys highly competitive, niche software businesses. Constellation helps maximize operational profitability and then harvests the subsequent free cash flows. It then puts that back into more business investments. Last year, the company invested the most amount of cash in its history.

Given that tech valuations have declined recently, it could be primed for further elevated capital deployment in 2022. At some point, these investments should yield very strong cash flows attributable to shareholders. For a company with great management, a solid balance sheet, and strong competitive advantages, this is one you can buy in your TFSA and never sell.

CATEGORY

1. Investing
2. Stocks for Beginners

TICKERS GLOBAL

1. NYSE:BIP (Brookfield Infrastructure Partners L.P.)
2. TSX:BIP.UN (Brookfield Infrastructure Partners L.P.)
3. TSX:CSU (Constellation Software Inc.)

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