



TFSA Investors: 3 Must-Have Stocks in Your Portfolio

Description

[Investing in a TFSA](#) could help investors reach financial independence much sooner. This is because investors don't need to worry about paying taxes on any gains or dividends generated in one of these accounts. However, investors have a limited amount of contribution room available to them each year. That means it's very important that you choose only the best stocks to hold in a TFSA. In this article, I'll discuss three must-have stocks in your portfolio.

Start with one of the best dividend stocks around

I believe that all TFSAs should hold dividend stocks as the foundation of the portfolio. This is because dividend stocks tend to be less volatile. This provides investors with a base for their portfolio that should be able to grow without the extreme ups and downs that you'd see with growth stocks. The most impressive dividend stocks are listed as Canadian Dividend Aristocrats. These are dividend companies that have been able to increase their dividend distributions for at least five consecutive years.

Fortis ([TSX:FTS](#))([NYSE:FTS](#)) is one of the most impressive companies in that regard. It has [increased its dividend](#) in each of the past 47 years. To put that into perspective, Fortis has managed to increase its dividend, despite having to deal with the Great Recession and the COVID-19 pandemic. Both of those events caused even some of the largest companies to halt dividend increases. Those 47 years of dividend raises stands as the second-longest active dividend-growth streak in Canada.

Blue-chip stocks can beat the market

It's true that larger companies tend to grow at a slower rate than small caps. However, there are instances where blue-chip stocks beat the market by a wide margin. In fact, it isn't even that rare. In Canada, there are many blue-chip stocks that have beaten the broader market by multiple times. Take **Brookfield Asset Management** ([TSX:BAM.A](#))([NYSE:BAM](#)) for example. At the surface, it's just another financial company with a less-than-exciting business. However, this stock is a proven winner.

Since August 1995, Brookfield stock has gained more than 4,100%. That represents an average annual gain of 15.1%. In other words, a \$10,000 investment made in August 1995 would now be worth more than \$428,000. Over the same period, the **TSX** has gained 356%. That's only an average annual return of about 5.8%. Clearly, investors would have done very well investing in a proven blue-chip stock like Brookfield Asset Management.

If you're looking for growth

It's understandable that some investors, especially younger ones, would want to hold growth stocks in a TFSA. In that case, it would be a good idea to invest in more established companies that have a long growth runway ahead. This will not only provide the growth that investors are looking for, but also give you some of the stability that larger companies can provide. It also helps ensure that investors are buying shares of a company that has already proven itself to the market and consumers over the years.

One growth stock that you should consider adding to your TFSA today is **Shopify** ([TSX:SHOP](#))([NYSE:SHOP](#)). The e-commerce giant has taken a stumble over the past few months, but its business remains as strong as ever. Shopify currently holds the second-largest share of the e-commerce industry in the United States and has managed to penetrate many different regions around the world. Its platform and services are top-notch. Many merchants from the first-time entrepreneur to large-cap enterprises choose Shopify as their e-commerce platform of choice.

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1. Investing
2. Stocks for Beginners

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3. NYSE:SHOP (Shopify Inc.)
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Author

jedlloren

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