



TFSA Investors: 2 Top TSX Stocks to Buy and Hold Forever

Description

The [Tax-Free Savings Account](#) (TFSA) is the absolute perfect place to buy top TSX stocks and hold them forever. When you pay no tax on investment income or gains, you can truly enjoy the power of compounding. No tax means you can keep and reinvest all your returns. A lifetime of compounding those returns can create a small fortune.

The TFSA is a great place to compound stock returns

One key to long-term investing success is to not disrupt the power of compounding. Often, [bear markets](#) make investors itchy to do something. That often includes fearfully trading in and out of stocks, often at losses. This can cause investors to sell low and then buy high when the market recovers. Unfortunately, it cancels the effects of compounding.

Don't interrupt compounding

The great investor Charlie Munger once thoughtfully said, "The first rule of compounding: never interrupt it unnecessarily." That is why the TFSA is such a great tool. I like to use it as my "coffee can." I tuck stocks in high-quality businesses into my TFSA. Then I try to do nothing.

Even when the market looks bad, I trust my conviction in those businesses. If they are great businesses, they will deliver the compounding returns for me. I don't want to interrupt compounding by my emotional behaviour.

A buy-and-hold-forever mindset can not only save you peace of mind, but it can also make you a lot of money. If you are looking for some stocks to tuck away forever in you TFSA, here are two I'd consider today.

Brookfield Infrastructure: A great TFSA stock for income and growth

Brookfield Infrastructure Partners ([TSX:BIP.UN](#))([NYSE:BIP](#)) is an ideal TFSA stock. I like this stock for its combination of safety, income, and growth. Brookfield Infrastructure is one of the largest publicly listed stocks focused on acquiring and operating global infrastructure assets. It operates everything from railroads to pipeline to data centres.

Most of these assets are contracted/regulated, so they earn steady streams of predictable cash flow. They also benefit from inflation due to higher commodity pricing, increased volumes, and inflation-indexed contracts.

BIP has delivered a 478% total return over the past 10 years. For a diversified utility, that is incredible. Likewise, it has grown its annual dividend rate by over 9% for years.

Today, its stock looks like it is down, but that is because of a recent [three-for-two stock split](#). For a defensive stock with an attractive long-term growth profile, this is an ideal TFSA stock to buy and hold.

FirstService: A solid compounder for the long term

Another great stock for compounding has been **FirstService** ([TSX:FSV](#))([NASDAQ:FSV](#)). It operates a conglomerate of commercial real estate service businesses. Since 2015, it has delivered a 380% total return to shareholders. This TFSA stock has delivered a 17% compounded annual return.

These services include condo and residential property management, painting services, building restoration, and home inspections. A large majority of its revenues are recurring or economically resilient. Consequently, it can consistently generate very strong free cash flows.

It generally re-invests its cash into new acquisitions. In 2021 alone, it deployed \$160 million into 18 different acquisitions. This growth is supplemented by aggressive high single-digit organic growth targets.

Today, this TFSA stock is the cheapest it has been since 2019. With an enterprise value-to-EBITDA ratio of 16 it looks to be fairly valued today. For a solid long-term entry point, now looks like a great time to add FirstService to your forever-hold TFSA portfolio.

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:FSV (FirstService Corporation)

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