
TFSA Investors: 3 Stocks That Are Must-Haves in Your Portfolio

### Description

Investing in a Tax-Free Savings Account could be one of the best decisions you could make. As its name suggests, investors don't need to worry about paying income tax on any gains generated in one of these accounts. Over the long run, that could help you snowball your portfolio much faster. However, it's important that investors remain prudent when it comes to choosing which stocks to hold in a TFSA portfolio.



There are three types of stocks you should consider holding in a TFSA. Depending on your financial goals and other factors including age, ability to tolerate volatility, and so forth, the way you divide your portfolio into these types of stocks will differ. In this article, the goal is to get you to think about how to best manage your TFSA. With that in mind, here are three stocks that are must-haves in a TFSA portfolio.

## Blue-chip stocks

The bulk of your TFSA should be composed of blue-chip stocks. These are established companies, often with leadership positions in their respective industries. One resource that investors can use to find blue-chip stocks in Canada is the **S&P/TSX 60 Index**. That is a list of 60 companies that have been deemed leaders of important Canadian industries. Of that group, I'd like to highlight **Brookfield Asset Management** (TSX:BAM.A)(NYSE:BAM).

Brookfield oversees a portfolio with nearly $725 billion of assets under management. Through its subsidiaries, Brookfield has exposure to the infrastructure, real estate, renewable utility, and private equity markets. This stock has been a solid performer for investors, gaining more than 71% over the past five years, even without including dividends. Led by its long-time CEO, Bruce Flatt, this is one stock that TFSA investors must have in a portfolio.

## Large-cap growth stocks

Although some blue-chip stocks could offer investors a bit of growth potential, most of those companies tend to be slow-growing dividend stocks. That's why I like to think of large-cap growth stocks as a separate type of company in my portfolio. An example of a large-cap growth stock is **Shopify** (TSX:SHOP)(NYSE:SHOP). This is a company that doesn't really need much of an explanation. It provides merchants with a platform and all the tools necessary to operate online stores.

Shopify stock has struggled since the start of the year. However, I believe it still has a lot of upside. The e-commerce industry could grow to be much bigger than it is today, as consumers continue to become more comfortable with purchasing items online. Shopify is well positioned to grow alongside the industry and succeed.

## Small-cap growth stocks

Finally, investors should consider holding small-cap growth stocks in their TFSA. Because these stocks tend to be higher in risk and volatility, investors need to be very conscious about position sizing when it comes to these stocks. A well-known adage regarding small-cap stocks is, "If it's the next big thing, I don't need a lot of it. If it isn't the next big thing, I don't want a lot of it." One small-cap growth stock that TFSA investors should consider is **WELL Health Technologies** (TSX:WELL).

This stock is positioned to be one of the leaders in the global telehealth industry. Its platform supports more than 2,800 clinics and 21,000 practitioners. In addition, it offers 41 apps through its online marketplace, apps.health. Finally, the company offers telehealth services through it Tia Health, VirtuelMD, and Circle Medical services.



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