Got $6,000? Here's How You Can Power Your TFSA in August

Description

In 2022, Canadians were given an additional $6,000 of contribution room in their Tax-Free Savings Accounts (TFSAs). Using this contribution room, investors could add a significant amount to their TFSAs, snowballing their accounts and helping set themselves up for a comfortable retirement. With that said, many investors may be wondering which stocks they should be adding to their TFSA to help boost their account in August.

In this article, I'll discuss three top picks!

Start with this ETF

Although I'm very passionate about picking individual companies in my portfolio, that doesn't mean I don't think investors should avoid buying exchange-traded funds (ETFs). In fact, if you're a brand-new investor, I think that ETFs would be a great way to introduce yourself to the stock market. An ETF is essentially a basket of stocks which track a certain index. These positions tend to be less volatile than individual stocks, because investors are spreading risk over a larger number of companies.

An excellent ETF to buy today would be **Vanguard S&P 500 Index ETF** (TSX:VFV). As its name suggests, this ETF tracks the performance of the **S&P 500**, giving investors exposure to 500 of the most influential American companies. By investing in this ETF, investors can add companies like **Tesla**, **Procter and Gamble**, **Visa**, **Amazon**, among many others to their portfolio. Over the past month, the Vanguard S&P 500 Index ETF has gained more than 7%.

Invest in this successful tech stock

If you're looking for a stock that could generate a lot more growth, then consider investing in **Constellation Software** (TSX:CSU). This company focuses on the acquisition of vertical market software (VMS) businesses. Over its nearly three-decade history, Constellation Software has acquired hundreds of businesses. This has enabled Constellation Software stock to gain more than 11,400% since its IPO.

Constellation Software's success depends heavily on the execution of its leadership team's acquisition strategy. Since its IPO, Constellation Software has mainly focused on the acquisition of small- and medium-sized businesses. Because of this narrow focus, the company has been able to perfect its strategy over the years.

In February 2021, Constellation Software announced that it would start targeting large VMS businesses for acquisition. It's unclear how this could affect the company in the future. In the short term, Constellation Software expects hurdles, but it hopes to see the move pay off in the long run. Over the past month, Constellation Software stock has gained more than 9%.

This financial company could outperform many stocks

Brookfield Asset Management (TSX:BAM.A)(NYSE:BAM) would be a great pick if you're interested in finding growth but want to stay away from more aggressive tech stocks. This company has built a very formidable portfolio consisting of nearly US$725 billion of assets under management. Through its subsidiaries, Brookfield has exposure to the infrastructure, insurance, real estate, renewable utility, and private equity markets.

Although Brookfield isn't generally considered a growth stock, it has managed to greatly outperform the broader market. Since August 1995, Brookfield stock has managed to grow at a compound annual growth rate (CAGR) of about 15%. To put that into perspective, the **TSX** has grown at a CAGR of about 6% over the same period.

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2. TSX:BN (Brookfield)
3. TSX:CSU (Constellation Software Inc.)
4. TSX:VFV (Vanguard S&P 500 Index ETF)

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