
Got $6,000? 2 Cheap Stocks to Grow Your TFSA

### Description

Your TFSA should be viewed as a growth engine rather than as a simple store of excess savings. Even though rates on bonds and savings accounts have crept higher in the past year, overly conservative investors may still be left behind. With Canadian inflation at over 7% (and counting), savers and risk-free investors still stand to make a negative real return (that's returns after accounting for inflation, folks!)



Further, negative real returns are close to the highest they've been in generations for conservative savers. So, while risk-free assets like GICs (Guaranteed Investment Certificates) seem like a great deal, they may be in the red on a real-return basis over the medium term. Until inflation is controlled, it's hard to justify locking in funds for a mere 3% rate. That represents a 4% or so negative real return if inflation stays at these heights.

Investing remains the best way to grow your TFSA. There's a lot of volatility out there. Fortunately, investors don't need to plow everything into markets at once. By slowly drip-feeding into stocks with your TFSA, you'll improve your odds of coming out of this inflation storm without sustaining too much damage.

On this note, I'm a fan of **Restaurant Brands International** (TSX:QSR)(NYSE:QSR) and **Brookfield Asset Management** (TSX:BAM.A)(NYSE:BAM).

## TFSA top pick #1: Restaurant Brands International

Restaurant Brands International is best-known for Burger King, Popeye's Chicken, and Tim Hortons. Though Firehouse Subs was an intriguing pick-up for around US$1 billion, the number-four brand remains relatively unknown outside of its markets of operation.

For years, management has struggled to bring out the best in its trio of brands. I'm sure you remember the troubles plaguing Tim Hortons. Though they've returned to the basics, new menu items (they're poised to launch pizza at select locations) have left investors and consumers feeling confused.

Indeed, pizza is the missing piece of the QSR puzzle. However, I'm not so sure Tim Hortons is the appropriate banner to launch this product. In any case, it's hard to ignore recent strength across all three of QSR's banners. Going into a recession, fast food is where you'll want to be. As consumers flock to higher-value menu offerings, QSR may be able to break the $100 mark after years of dragging its feet.

As an added bonus, there's a 3.6% yield to collect, while QSR looks to outperform the rest of the market in a harsh environment.

## TFSA top pick #2: Brookfield Asset Management

Brookfield Asset Management is a long-time staple in many Canadian portfolios. Looking ahead, the firm is planning to spin off its asset management business in a move that could unlock hidden value for shareholders. Brookfield, as it stands today, is quite asset-heavy versus its peers. A spin-off could sharpen its focus and help take Brookfield to the next level.

Recently, Brookfield partnered with U.S. chipmaker Intel to create a US$30 billion factory in the state of Arizona. Undoubtedly, Intel is itching to catch up to its rivals. This deal will see Brookfield pay US$15 billion for a 49% stake. It's an intriguing arrangement that may mark the start of a bountiful relationship, as Intel looks to invest heavily to regain chip dominance.



At 1.0 times price-to-sales (P/S), well below industry averages, Brookfield looks like a bargain worthy of a permanent position in your TFSA.

**CATEGORY**

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2. NYSE:QSR (Restaurant Brands International Inc.)
3. TSX:BN (Brookfield)
4. TSX:QSR (Restaurant Brands International Inc.)

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