



## TFSA Investors: 2 U.S. Stocks I'm Never Selling

### Description

The [Tax-Free Savings Account](#), or TFSA, is a popular registered account among Canadians. It offers a wide range of flexibility to investors in terms of withdrawals and contributions. The TFSA is also tax sheltered, suggesting any income generated in the form of capital gains, dividends, or interests is exempt from the Canada Revenue Agency.

### Can you hold U.S. stocks in a TFSA?

You can hold several qualified instruments in a TFSA that include stocks, bonds, exchange-traded funds, and mutual funds. Additionally, you can also buy stocks trading south of the border and hold them in this account.

The United States is the world's largest economy and is home to some of the biggest companies in the world. So, it makes sense for Canadians to allocate a portion of their portfolio toward U.S.-based stocks.

In 2022, the TFSA contribution limit is \$6,000, while the maximum cumulative contribution room stands at \$81,500. Let's see where you can invest \$6,000 right now to benefit from tax-free gains for life.

### A technology heavyweight

**Apple** ([NASDAQ:AAPL](#)) is the largest company in the United States; it's valued at a market cap of US\$2.4 trillion. The [tech stock](#) has generated massive wealth for investors and has returned 635% in dividend-adjusted gains since September 2012.

Apple remains a quality stock due to its well-diversified revenue streams. While the iPhone accounts for 50% of total sales, the Services business continues to gain massive traction for the company.

Apple increased sales amid the pandemic, as revenue rose to US\$274.5 billion in fiscal 2020 (ending in September) from US\$260.2 billion in 2019. Despite supply chain disruptions, Apple sales stood

surpassed US\$365 billion in fiscal 2021 with a net income of almost US\$95 billion.

In the June quarter, Apple reported record sales of US\$83 billion, an increase of 2% year over year. Analysts expect the tech behemoth to benefit from strong demand for the iPhone 14 models, which were launched last week.

Apple stock is trading at 24 times forward sales. Despite an inflationary environment and rising commodity prices, Apple is forecast to increase earnings by 9.5% annually in the next five years. AAPL stock is currently trading at a discount of 18% to consensus price target estimates.

## A Warren Buffett bet

The second stock is **Bank of America** ([NYSE:BAC](#)), which is also part of Warren Buffett's **Berkshire Hathaway** portfolio. Bank of America is the second-largest holding for Berkshire Hathaway, accounting for 10.3% of its portfolio.

Bank of America is the second-largest bank in the United States, with over \$2 trillion in deposits. Shares of the banking heavyweight have surged over 300% in the last decade. Despite its outsized gains, BAC stock offers investors a tasty dividend yield of 2.6%.

Warren Buffett, also known as the Oracle of Omaha, has long been bullish on quality companies in the finance and insurance sectors. These companies benefit immensely when the economy expands.

The ongoing hike in interest rates might lead to lower demand for consumer, enterprise, and mortgage loans. But it also will be offset by higher profit margins. For example, while interest rates have risen to 2.5% from 0.5% in the last six months, Bank of America's net interest income has surged 18% in the last two quarters.

Bank of America emphasized an increase of 100 basis points in interest rates would increase its net interest income by US\$5 billion in the next year.

## The Foolish takeaway

Both Apple and Bank of America are blue-chip stocks that have survived multiple downturns in the past. The two stocks also provide investors with a dividend, thereby creating a passive-income stream. Further, the two companies account for more than 50% of Warren Buffett's portfolio, making them attractive to value investors.

### CATEGORY

1. Investing
2. Tech Stocks

### TICKERS GLOBAL

1. NASDAQ:AAPL (Apple Inc.)
2. NYSE:BAC (Bank of America)

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