



Start Your TFSA With 2 Wealth-Building Stocks

Description

[Tax-Free Savings Account \(TFSA\)](#) investors focused on building wealth over the long run should be happy that markets are in a funk. Over the long haul, it's those investors who continue to stay the course that tend to build more wealth than the easily rattled. Now, investing in the heat of a bear market is not easy. A recession looms, and coming quarterly reveals are sure to be nail biters. It's never easy to be an investor at a time like this. But if you can embrace the volatility and anxiety that could lie ahead, there are considerable rewards to be had.

Being a brave TFSA investor when things have soured could accompany outsized gains. That said, going against conventional wisdom alone isn't enough. Investors must put in extra homework here, rather than going against the trend with falling knives that may not bounce back over the course of the decade.

Of course, the falling knives in the tech sector may still be too risky to own, even for long-term thinkers who are no strangers to off-the-charts levels of volatility. At the end of the day, investors should not position their portfolios in a way that depends on a return to low rates.

Rates could stay elevated for longer. Though a recession may induce a reversal of recent rate hikes, it's unclear as to where interest rates will settle once the storm of 2023 is over with. Ultimately, it depends on how inflation reacts from here. Indeed, many pundits think inflation has peaked. I think it has. Still, the Fed likely needs to stay on top of inflation to prevent another uptick.

Indeed, some very bitter medicine may be needed to combat inflation.

In this piece, we'll consider two stocks that should do well over time, regardless of what 2023 has in store.

Waste Connections

Waste Connections ([TSX:WCN](#)) is a terrific wide-moat stock for all seasons. Over the past 10 years, it's been a relatively steady upward ride. The firm is a major operator in the U.S. and Canada, where it derives 86% and 14% of its revenues, respectively.

Though more waste needs to be managed when times are good, there's still a good amount when times are bad. With a mere 0.66 beta (a beta lower than one implies less correlation to the stock market) and TSX-crushing returns over time, Waste Connections is one of few names that can be considered a "smart beta" stock.

At 42.3 times trailing price to earnings, WCN stock commands a premium. But it's a premium well worth paying for those seeking stability and market-beating returns over time. Indeed, Waste Connections is one of the boring wide-moat stocks that doesn't tend to surprise investors too much due to its predictability in most economic climates.

TFI International

TFI International ([TSX:TFII](#)) is another wide-moat company that offers a necessary service in. The company offers LTL (less-than-load) trucking services to clients in Canada and the U.S.

Though transportation of goods tends to hit a snag in recessions, I view TFI's managers as the best in their breed. They've been through tough times before and have managed to make it through a better firm on the other side. The company has been acquisitive over the past few years and could be ready to make the most of a coming downturn with further mergers and acquisitions.

In any case, TFI stock is a [cheap](#) stock that always tends to find its feet after nasty slips. The stock trades at 12.76 times trailing price to earnings, with a 1.4% dividend yield.

Sure, TFI is economically sensitive, but it's too well run a firm to be held down for too long a duration. Shares are pricier than they were back in spring 2022. However, I still view the name as a great value for TFSA investors seeking a foundation stock.

CATEGORY

1. Investing

TICKERS GLOBAL

1. TSX:TFII (TFI International)
2. TSX:WCN (Waste Connections)

PARTNER-FEEDS

1. Business Insider
2. Flipboard
3. Koyfin
4. Msn
5. Newscred
6. Quote Media

7. Sharewise
8. Smart News
9. Yahoo CA

PP NOTIFY USER

1. joefrenette
2. kduncombe

Category

1. Investing

Date

2025/07/21

Date Created

2023/01/08

Author

joefrenette

default watermark

default watermark