TFSA Investors: Where to Invest $6,500 in 2023

Description

After a tumultuous year in 2022, investors would be looking to regain a portion of their equity losses over the next 12 months. Canadian investors have multiple accounts that can be used to buy and hold quality stocks over the long term. One such popular account is the TFSA or Tax-Free Savings Account.

Introduced in 2009, the TFSA is a tax-sheltered account. So, any income generated in the TFSA will be exempt from Canada Revenue Agency taxes. Let's see how to use the TFSA and build long-term wealth.

The TFSA contribution limit is $6,500 for 2023

Each year, the TFSA contribution limit increases for Canadian investors. For 2023, the TFSA contribution limit stands at $6,500, bringing the total cumulative limit to $88,000. Given the benefits, it makes sense for investors to hold a basket of growth and dividend stocks in their TFSA.

While growth stocks are trading at a much lower multiple in 2023, you can buy quality companies at a discount and derive exponential gains in the upcoming decade. Comparatively, dividend stocks can help investors generate a steady stream of dividend income each quarter as well as increase total returns by long-term capital gains.

Here are a few such stocks you can hold in your TFSA right now.

Enbridge

One of the largest companies on the TSX, **Enbridge** (TSX:ENB) has created significant wealth for investors in the last two decades. Despite its outsized gains, Enbridge currently offers investors a tasty dividend yield of more than 6%, making it attractive to income-seeking investors.

Enbridge derives a significant portion of its cash flows from long-term contracts that are indexed to inflation, allowing it to maintain and even increase dividend payouts across market cycles.

Royal Bank of Canada

Valued at a market cap of $180.4 billion, **Royal Bank of Canada** (TSX:RY) also offers investors a forward yield of 4.1%. Canadian banks are much more conservative compared to their counterparts south of the border. But this conservative outlook has meant the balance sheet of Royal Bank of Canada and its peers is well capitalized.

While several U.S. banks cut or even suspended dividends during the financial crash of 2008, RY stock could easily maintain these payouts, showcasing its resiliency.

Snowflake

One of the fastest-growing tech stocks on the planet, **Snowflake** (NYSE:SNOW) operates in the data analytics space. Snowflake has increased its sales from US$96.6 million in fiscal 2019 (ended in January) to US$1.21 billion in fiscal 2022. Analysts now expect the top line to surge to US$2 billion in fiscal 2023 and US$3 billion in fiscal 2024.

Valued at a market cap of almost US$40 billion, Snowflake stock is priced at 13 times fiscal 2024 sales, which is quite steep. But analysts remain bullish on the tech stock and expect shares to gain almost 50% in the next 12 months.

Gildan Activewear

The final stock on my list is **Gildan Activewear** (TSX:GIL), one of the most popular retail companies in Canada. After adjusting for dividends, Gildan has returned 390% to shareholders in the last decade.

Trading 27% below all-time highs, the retail heavyweight offers shareholders a dividend yield of 2.5%. GIL stock is trading at a discount of 25%, given consensus price target estimates.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:SNOW (Snowflake Inc.)
2. TSX:ENB (Enbridge Inc.)
3. TSX:GIL (Gildan Activewear Inc.)
4. TSX:RY (Royal Bank of Canada)

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. araghunath
2. cleona

Category

1. Dividend Stocks
2. Investing

Date
2025/08/18
Date Created
2023/01/18
Author
araghunath