



TFSA Investors: 2 “Smart Money” Income Securities That You Wouldn’t Think Could Make You Rich!

Description

As you may have noticed, many of the smart, billionaire investors that you know and follow are reluctant to throw their money on speculative, risky plays like recent IPOs or marijuana stocks. The smart money doesn’t go to these get rich quick types of investments; instead, they gravitate to boring plays that possess favourable risk/reward trade-offs.

Over the course of decades, you’ll have the opportunity to compound your money, completely tax-free in a TFSA. So, why on earth would you want to gamble your money on anything that offers you a less-than-stellar risk-adjusted return?

It’s not all about the upside, and after getting hit with enough big losses, you’ll realize this fast. It’s as much about protecting yourself from downside as it is achieving the greatest amount of upside. In a TFSA, the opportunity costs of your losses are far greater due to the profound effects that come from long-term tax-free compounding. So, instead of chasing the highest potential returns, seek the highest returns given an amount of risk you’ll end up taking on.

So, what are some examples of stable securities that’ll [make you rich](#) over the long-term with a TFSA? Consider **SmartCentres REIT** ([TSX:SRU.UN](#)) and **WPT Industrial REIT** ([TSX:WIR.U](#)), two boring, but rock-solid income plays that will pay you generous distributions which coincidentally both yield 5.7% at the time of writing.

Both REITs not only have high upfront yields and above-average potential for distribution growth, but both REITs are also operating in what I believe will be two of the hottest real estate sub-industries over the next decade and beyond.

Like Wayne Gretzky, you want to skate toward where you think the puck is heading next; once you’re in that sweet spot, you’ll want to keep your stick on the ice, so you’ll be able to shoot the puck top-corner, leaving the goalie no chance of robbing you of the goal that’s rightfully yours.

In the case of the REITs mentioned in this piece, you’ll want to own them, for the long-term, and unlike

the fast game of hockey, you'll be waiting many years for secular tailwinds to come into effect fully. Once they do, however, you'll profit profoundly in the form of many generous distribution hikes, and capital gains, summing up to give you a very handsome total return over your investment horizon.

Now, what are hot sub-industries are Smart REIT and WPT REIT in?

Smart REIT operates strip malls... that's arguably one of the unsexiest of real estate sub-industries to invest in today! No doubt Smart REIT is out-of-favour as a retail REIT, but when you take a longer-term view and consider where the trust is heading next, the name begins to look like an overlooked opportunity.

Smart REIT is primarily a retail REIT, but it's working on residential properties to diversify its property mix. Further, it's not just about the diversification of real estate sub-industries. Smart REIT is getting into master-planned communities, trying to concoct the perfect mix of residential, and commercial properties such that a mutually beneficial relationship is formed.

Think about it. The residential can increase the value of the commercial real estate and vice versa.

As a resident of a community, the value of your property may be partially determined by the amenities and establishments that are close by. And for commercial businesses operating in the community, winning over the business of locals is that much easier due to the physical convenience that exists.

As for WPT, the opportunity at hand is more obvious.

The trust owns and operates a portfolio of warehouse and distribution properties that will continue to experience explosive demand as e-commerce continues to take-off like a bat out of heck.

Foolish takeaway

Both the less obvious long-term play (Smart REIT), and the obvious one (WPT REIT), are must-owns for investors who want to auto-pilot their TFSAs to wealth. Distribution payments can either be reinvested or put to work in another name that'll help you bring your nest egg to the next level.

A TFSA is a powerful tool, and with boring, long-term plays like Smart REIT or WPT REIT in your portfolio, you'll be investing wisely, like the greats.

Stay hungry. Stay Foolish.

CATEGORY

1. Dividend Stocks
2. Investing
3. Stocks for Beginners
4. Top TSX Stocks

TICKERS GLOBAL

1. TSX:SRU.UN (SmartCentres Real Estate Investment Trust)

PARTNER-FEEDS

1. Msn
2. Newscred
3. Sharewise
4. Yahoo CA

Category

1. Dividend Stocks
2. Investing
3. Stocks for Beginners
4. Top TSX Stocks

Date

2025/07/05

Date Created

2018/12/18

Author

joefrenette

default watermark

default watermark