



3 Terrific TFSA Stocks

Description

If you're just learning about Tax-Free Savings Accounts now, you've been missing out. These beauties now have a contribution limit of \$63,500, meaning that you can put as much money on stocks as you want and hopefully just watch that money grow — tax free!

But before you get too excited, while it can be a great opportunity to try out some fun and even risky stocks, you should always create a base of solid performers that make up your diverse portfolio.

With that in mind, today I'm recommending **Canadian National Railway Company** ([TSX:CNR](#))([NYSE:CNI](#)), **Pembina Pipeline Ltd.** ([TSX:PPL](#))([NYSE:PBA](#)), and **BMO Low Volatility Canadian Equity ETF** ([TSX:ZLB](#)) as the base for your terrific TFSA.

Canadian National

Now you might think I'd go straight to a bank stock for a TFSA, which is definitely a good option. But the reason I like CNR is that this stock has a history of doing well even when the markets as a whole isn't. The company also has a history of rebounding quickly after a share drop — two things you definitely want to see out of stock performance.

This comes from the railroads duopoly in Canada. Along with **Canadian Pacific Railway**, these two companies have taken over the railway industry in this country for over a hundred years, leaving [little room for competition](#) to move in.

But even better, CNR has been updating and reinvesting in its company in order to create strong value over the long term.

But investors won't have to wait decades to see this stock rise. In fact, while a drop could happen in the near future from the oil and gas industry, analysts are predicting it to rise again to as high as \$140 per share.

This will likely come from continued positive earnings reports, with revenue expanding 11% year over

year and return on equity at 25.64%, above others in its industry.

Pembina

While I'm usually one to recommend **Enbridge**, Pembina Pipeline offers another strong avenue with a rare opportunity. While Enbridge is absolutely a strong stock, Pembina is still another stellar option given that it has a foot in both pipelines along with the gathering and processing of oil and gas.

Similar to Enbridge, its operations are mainly underpinned by long-term contracts, and this means less risk over the long-term for its investors. It's also in a period of immense growth right now.

The company's \$3.1 billion budget for growth projects has just begun, with many expected to be in service by 2020, and additions to its Peace pipeline after that. This will create stable cash flow for years to come, which will also mean an [increase in its dividend](#).

The stock has already grown more than 25% since the new year, and analysts believe that it will continue to grow to \$62 per share in the next 12 months, another increase of over 25%.

BMO

If you're going to choose one ETF to invest in, especially for long-term growth, make it BMO's Low Volatility ETF. This stock's main goal, as stated in its name, is to create a low risk ride for investors, which means investing in stable stocks like telecoms, utilities, and grocery stores to keep growth strong and steady.

Not that this stock is completely protected, as no stock is, but it will definitely give investors a far better chance of a rebound. While other stocks may plummet, this stock will likely see a mere blip that it can quickly come back from. For example, when the **S&P/TSX** fell 17% last October, BMO only fell 9%.

And while gains can be slow, they're certainly steady. If you had invested \$5,000 only five years ago, you would have almost \$8,000 at the time of writing this article!

Bottom line

Opening up a TFSA is one of the best things you can do for your future. Having the right stocks, however, can turn your investments from good to great. Putting your money in these three stocks gives you the best chance of keeping that rainy day fund strong and steady for decades to come.

CATEGORY

1. Investing

TICKERS GLOBAL

1. NYSE:CNI (Canadian National Railway Company)
2. NYSE:PBA (Pembina Pipeline Corporation)

3. TSX:CNR (Canadian National Railway Company)
4. TSX:PPL (Pembina Pipeline Corporation)
5. TSX:ZLB (Bmo Low Volatility Canadian Equity ETF)

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