



TFSA Investors: A Cannabis High-Dividend ETF Yielding Over 5.6%

Description

Tax-Free Savings Account (TFSA) investors should buy shares in cannabis in the next year. Investors will still have plenty of opportunity to profit in 2020 from marijuana legalization, but there is no reason to wait to add these stocks to your portfolio. Marijuana legalization is here, and long-term investors are sure to profit if they purchase shares in underpriced cannabis stocks like **Namaste Technologies** (TSXV:N).

In fact, the best decision a TFSA investor can make today is to purchase a high-dividend exchange-traded fund (ETF) like **Horizon's Marijuana Life** ([TSX:HMMJ](#)). Because most marijuana stocks do not offer dividends, Horizon's Marijuana Life will offer higher returns than a simple investment in a popular pot stock

TFSA investors can earn a yield over 5.6% dividend by purchasing shares in Horizon's Marijuana Life.

Benefits of ETFs

Cannabis ETFs invest in a diversified basket of marijuana stocks to reduce risk and increase returns. Many investors prefer ETFs because they diversify exposure across an entire industry. These investments also reduce fees relative to traditional open-end funds.

An ETF will tend to move along with the overall direction of the industry, but with more protection than a simple stock purchase.

Cannabis ETFs have fallen in price recently along with the **CannTrust** scandal and price corrections in popular marijuana stocks like **Canopy Growth**. These price depreciations represent the perfect time to buy Horizon's Marijuana Life.

Cannabis stocks are [disappointing investors](#), as they correct from speculative price appreciations. None of these stocks provide the diversification of an ETF along with the high 5.6% dividend return of Horizon's Marijuana Life.

Namaste Technologies

Another option for savvy TFSA investors is to purchase shares in innovative, up-and-coming stocks with surging interest.

Namaste Technologies is by far the most innovative cannabis company in 2019. Not only is the company the first to implement online telemedicine to prescribe medical marijuana, but the company has also harnessed the power of machine learning. Namaste owns Findify, an e-commerce machine-learning application, which personalizes online experiences based on user behaviour data.

Annual growth in telemedicine typically exceeds 50%. More consumers are using online medical practitioners for routine check-ups and prescription refills. Namaste also sells vaporizers and smoking accessories through e-commerce websites in over 20 countries.

Moreover, Namaste is cheap at \$0.33 per share — lowering the risk for new investors with less capital to spend. A TFSA investor can pick up 100 shares for \$33 — less than a mediocre dinner for two in a restaurant.

Foolish takeaway

Cannabis markets are volatile, which means that investors need to take care of which stocks to purchase. TFSA investors should look for underpriced cannabis stocks with a lower than average beta. Less-popular stocks will have avoided speculative runs in price from day traders.

Namaste Technologies is one of these stocks, and it is cheap enough to add 100 shares to a TFSA without regret.

While Namaste is a substantial [long-term investment](#), the only downside is that it offers no dividend. Thus, investors may want to consider only a small investment, saving the majority of their available funds for high-dividend payers like Horizon's Marijuana Life.

CATEGORY

1. Cannabis Stocks
2. Dividend Stocks
3. Investing
4. Stocks for Beginners

TICKERS GLOBAL

1. TSX:HMMJ (Horizons Marijuana Life Sciences Index ETF)
2. TSXV:LFST (Namaste Technologies)

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