



Two Perfect TFSA Stocks to Buy for 2020

Description

A Tax-Free Savings Account, or TFSA, is one of the only free lunches on the market. Funds in a TFSA are tax-free for life, which includes interest, dividends, capital gains, and withdrawals.

Without the consequences of taxes, you can invest strategically to [maximize your earnings](#). Dividends and high-upside stocks, for example, become much more attractive.

Saving is one of the keys to retirement, but choosing your investments is just as important. If you want your TFSA to grow rapidly, even during downturns, the following stocks are your best bet.

Win the decade

On September 4, **Aurora Cannabis Inc** ([TSX:ACB](#))(NYSE:ACB) killed **Green Organic Dutchman Holdings Ltd** (TSX:TGOD) — or at least that's what bears want you to believe. The real story is much more complicated, however.

Last year, Aurora and Green Organic partnered to accelerate the introduction of organic cannabis. Aurora took an equity stake in Green Organic, agreed to assist in its infrastructure build-out, and committed to purchase 20% of its total production.

In many ways, it was the perfect deal. Green Organic received critical funding, expertise, and future revenue sources, while Aurora secured access to premium organic cannabis and a future acquisition target.

This March, the deal fell apart. Aurora acquired Whistler Medical, which produces organic cannabis, and was thus able to terminate its deal with Green Organic.

Over the past 12 months, shares of Green Organic have lost more than two-thirds of their value. Most cannabis investors are selling the stock, creating a big opportunity for risk-takers.

Next quarter, Green Organic will see several grow facilities reach first production. While Aurora would

have been an attractive cornerstone customer, the deal specified that Aurora would purchase at *wholesale* prices.

With that deal terminated, Green Organic has the opportunity to pursue higher margin sales. In fact, management believes that the deal termination “significantly improves TGOD’s revenue and gross margin mix.”

Now trading at an industry-low valuation, TGOD stock could have 100% or more upside over the next 12 months. In a TFSA, those gains would be 100% tax-free.

Win the century

If I could only invest in one stock for the next century, **Brookfield Infrastructure Partners L.P.** ([TSX:BIP.UN](#))([NYSE:BIP](#)) would be the pick. The company is well run, pays a hefty dividend, and directly benefits from population growth, the most reliable growth market in history.

Brookfield owns, operates, and manages infrastructure projects around the world. The company’s objective is to generate long-term returns between 12% and 15%, and thus far it has succeeded.

Since its inception in 2008, shares have compounded annual returns of 15% — not a surprising outcome. Infrastructure projects such as railroads, seaports, and highways often have monopoly-like characteristics. And as one of the only pure-play infrastructure companies, Brookfield often has limited competition for deals.

Even if a recession hits next year, the company should exit 2020 stronger because of its active portfolio approach, in which it monetizes assets when market prices are high, and acquires assets when bargains are plentiful.

As you can imagine, the 2008 financial crisis created ample opportunity for deal-making. The last recession was a driving factor in the stock’s impressive decade-long performance.

Now armed with a 3% dividend, this looks like a great stock to own regardless of where the global economy heads in 2020.

CATEGORY

1. Cannabis Stocks
2. Dividend Stocks
3. Investing

POST TAG

1. Cannabis

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3. TSX:ACB (Aurora Cannabis)

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