



TFSA Investors: 3 TSX Stocks I'd Buy for 2020

Description

It's that time again at year end, when investors have to think about rebalancing their portfolios, chucking out underperformers, and adding some growth candidates and stable dividend income generation stocks to create long-term, outperforming TFSA retirement portfolios.

Growing a retirement nest egg shouldn't be too much of a hustle, as the TSX offers some of the most compelling stable growth stocks that can make up core portfolio holdings, and one may choose to get a little greedier and power up the tax-free investment account with lottery-ticket-like positions that could appreciate significantly in a short term.

There are three good candidates for 2020 that I am looking at, and I will start off with the most cash flow stable option, and it's a real estate investment trust (REIT).

Northwest Healthcare Properties

Canadian REITs have [largely taken off](#) this year, and income yields have come down, but **Northwest Healthcare Properties Real Estate Investment Trust** ([TSX:NWH.UN](#)) units pay a monthly distribution that still offers a juicy 6.5% yield today.

The trust holds a big portfolio of 169 healthcare properties located in Canada, Brazil, Australia, New Zealand, and Europe with a strong occupancy rate and a 14-year average lease term that help secure the healthy monthly distribution.

The REIT managed to upsize its Australian joint venture by \$1.6 billion recently, and this could result in operating economies of scale while management has been refinancing some of its expensive loans at lower rates this year to free up more cash flow for growth projects. Units could appreciate in price over the next few years, as new development projects start contributing to funds flow.

Bridging the dividend-growth gap

Enbridge ([TSX:ENB](#))([NYSE:ENB](#)) stock is my next consideration.

REIT distributions may be stable, but they may not grow as fast as those from this utilities and energy infrastructure giant. Enbridge's solid dividend-growth history and a strong free cash flow growth outlook makes the stock a compelling income play in a retirement-focused core portfolio.

Its regulated and contracted rates provide high cash flow visibility, even during times of low commodity prices, while its recently increased capital-expenditure budget could grow distributable cash flows over the next five years. Dividends will continue growing, and the annual yield on cost could keep become juicier than the current 5.9% in the long term.

Most importantly, shares have traded sideways for over three years, good entry points still exist before the rally.

Lastly, a cannabis lottery ticket

Aphria (TSX:APHA)(NYSE:APHA) is a cannabis stock with significant sales growth potential after receiving a long-awaited, [critical production licence recently](#), but earlier scandals significantly lowered its valuation multiples as compared to peers.

Shares were beaten down along with the peer group, as market growth fears gripped the investing community in response to a plethora of bad news, scary earnings guidance revocations, and expansion projects suspensions by some competitors, but more retail store roll-outs from 2020 could bring better winning prospects for the nascent marijuana industry against a stubborn underground cannabis market.

The company has a robust distribution network through a Germany subsidiary that only requires European Union Good Manufacturing Practices certifications for its Canadian production facilities to tap into a fast-growing high-margin market. The certification process is already underway, while a Germany production tender win could further propel revenue growth.

Unlike most peers (excluding **Cronos Group** and **Canopy Growth**), the company remains one of the most well-funded pot firms for its size, and its business processes have proved to be profitable, even before volume growth and stabilized operating costs could provide significant operating leverage in the next year.

APHA stock could significantly outperform the TSX over the next two to three years.

CATEGORY

1. Cannabis Stocks
2. Dividend Stocks
3. Energy Stocks
4. Investing

POST TAG

1. Cannabis

2. Editor's Choice

TICKERS GLOBAL

1. NYSE:ENB (Enbridge Inc.)
2. TSX:ENB (Enbridge Inc.)
3. TSX:NWH.UN (NorthWest Healthcare Properties Real Estate Investment Trust)

PARTNER-FEEDS

1. Business Insider
2. Msn
3. Newscred
4. Sharewise
5. Yahoo CA

Category

1. Cannabis Stocks
2. Dividend Stocks
3. Energy Stocks
4. Investing

Tags

1. Cannabis
2. Editor's Choice

Date

2025/08/23

Date Created

2019/11/22

Author

brianparadza

default watermark

default watermark