



TFSA Investor Stocks to Buy Now

Description

TFSA's are [perfect vehicles](#) for saving. All of your capital will grow tax free, and when it's time for withdrawals, those are tax free, too.

What kind of stocks should you be holding in a TFSA? There are several viable options. The biggest mistake is simply to hold cash. Mediocre returns essentially nullify your tax benefits.

If you want to maximize your TFSA's value, stick with the strategies below.

Go for growth

The best way to maximize your TFSA protections is the accrue large capital gains. This is possible by investing in growth stocks, particularly those targeting emerging opportunities like cannabis. If you want to profit from pot, take a close look at **Hexo**.

While it was once a multi-billion-dollar firm, Hexo's valuation is now below \$500 million. Its target market, however, should ultimately exceed \$100 billion. The question is, how much of that opportunity will Hexo capture?

Instead of launching its own cannabis brands, Hexo is partnering with existing brands with proven recognition and loyalty. For example, it's launching cannabis beverages with **Molson Coors Canada** this month.

Who do you think will win: a Molson-branded pot drink or a product from an unknown startup? It's a good bet that Hexo will ultimately exceed \$1 billion in sales this decade, making its current share price a steal.

Generate some income

Dividend stocks are also ideal investments for TFSA's. Typically, this cash income would have a big

chunk taken out for taxes. Not true with a TFSA. If you want to generate some income, **Algonquin Power and Utilities** should be at the top of your list.

Around two-thirds of Algonquin's revenue comes from regulated utilities. This type of business has long been known for its stability and visibility. That's because Algonquin is guaranteed pricing from government regulators. This greatly reduces operating risk, especially since pricing is often settled years in advance.

Algonquin uses some of this cash to invest in its renewables segment, which, while unregulated, operates on long-term contracts that average 15 years in length. Combined, the regulated and unregulated businesses help support a dividend of 3.7%, plus double-digit stock prices gains since 2009.

Defend your downside

Constellation Software is an incredible growth stock, rising more than 10,000% over the last decade. But it has another advantage: resiliency during a recession.

Investing in a TFSA is all about the long term. With compound interest, your money will grow faster and faster over time. The more time invested, the more rapidly your money grows.

A recession can set you *years* behind schedule. Bear markets can force multi-year stretches of net-zero returns. Investing in recession-resistant stocks can tilt the odds back in your favor.

Constellation is a software company, but it focuses on products that automate mission-critical processes for its customers. During a recession, companies can't stop using Constellation's products without jeopardizing their entire business.

Additionally, it's during difficult economic times that for-profit entities search for more cost savings. Automating your business is a fast way to do that, increasing demand for Constellation's services throughout any part of the economic cycle.

CATEGORY

1. Cannabis Stocks
2. Dividend Stocks
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1. Cannabis
2. Editor's Choice

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