



TFSA Investors: Splurge Your \$6,000 2020 Limit on These 2 Stocks

Description

Though it might be a bit unusual to take the advice of a scientist on the matters of money, I will make an exception for Albert Einstein. He said, "Compound interest is the eighth wonder of the world.

He who understands it, earns it. He who doesn't, pays it." This is something that most investors understand that when you are investing for the long term, time, and compounding are your allies.

And thanks to this amazing power of compounding, the \$6,000 can make a lot of difference if you choose the right stock to invest in.

A budding REIT

Firm Capital Property Trust (TSXV:FCD.UN) is a small Toronto-based REIT with a market value of just \$209 million. The company manages about \$3.5 billion worth of mortgage and real estate assets, a significant number of a company of its size. It also has a diversified property portfolio that includes multi-residential, industrial, retail, and core service-provided properties.

The company declined from its former glory when it traded around \$15 per share. But its market value growth has been eerily steady since 2013. Currently, the company is trading at \$6.8 per share.

It represents a 91% (dividend-adjusted) growth in the past five years and equates to a CAGR of 13.82%. The company has also started paying monthly dividends since 2019 and currently offers a mouth-watering yield of 7.1%.

If you put your \$3,000 in the company, forget about it for 30 years, and the company keeps up its growth rate of 13.8%, you might be sitting at over \$145,000. And that's discounting the dividends you will be earning from this generous REIT.

Largest non-banker lender

First National Financial ([TSX:FN](#)) holds the distinction of being the largest non-banker lender in Canada. It has been giving out mortgage loans to both residential and commercial borrowers for over 30 years. That's quite a tenure for a company operating alongside the behemoth banking sector of the country.

It might not seem like a growth stock at first glance, but First National Financial's [stock has been](#) growing quite strongly for some time now.

In the past five years, the market value grew by about 154% (dividend-adjusted). This is a five-year CAGR of 20.5%, which means the other chunk of this year's contribution, \$3,000 might grow to a disproportionate number of over \$800,000 if the company keeps growing at the same rate.

It might seem too ambitious, but numbers don't lie — and that's not considering the dividends. The company has been slowly increasing its dividends over the years, and currently offers a juicy yield of 5%.

It's also fond of paying generous special dividends. It paid \$1.25, \$1.00, and \$0.5 in terms of special dividends in the past three years.

Foolish takeaway

Ups and downs are part of the stock market. But if you have put your stock on the right stocks, or have diversified your stocks the right way, compounding can do wonders for your investments.

This is why investors are always encouraged to start investing small sums early on, rather than [waiting for savings](#) to grow a substantial amount before investing.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:FN (First National Financial Corporation)

PARTNER-FEEDS

1. Business Insider
2. Msn
3. Newscred
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