TFSA Wealth: 2 Top Stocks I’d Buy Right Now

Description

If you’re a young investor, you should seek to maximize the rate of wealth creation in your Tax-Free Savings Account (TFSA) with compelling stocks that many older investors would consider too risky. Young investors like millennials have the ability to take on more risk, but not the willingness to take on said risks. If you intend to buy and hold for the next 10, 20, or even 30 years, you should seek to bolster your returns, rather than playing it too cautiously.

Here are three stocks you may want to consider if you’re looking to increase your risk appetite for a shot at outsized long-term gains.

Cenovus Energy: A battered deep-value play to grow your TFSA wealth

Cenovus Energy (TSX:CVE)(NYSE:CVE) is an oil sands player that’s endured an epic fall from grace, with shares collapsing over 90% in the years following the 2014 rout in oil prices. Indeed, Cenovus is looking downright toxic these days with the coronavirus-induced demand shock that sent oil prices to new, unprecedented depths.

While the stock looks like it’s going to live up to its longer-term trend, I think, at today’s valuations, that the risk/reward is worthy for youngsters willing to hold for years, if not decades at a time. The near-term outlook is bleak, with adjusted funds from operations in the negatives. But if you’re of the belief that oil prices will normalize to pre-pandemic heights sooner rather than later, Cenovus offers a terrific value proposition and significant upside with shares trading at just 0.39 times book.

As a young investor, you can handle wild swings that’ll undoubtedly come around the corner. So, if you’re looking to maximize your potential upside as oil prices bounce back after dipping briefly into the negatives, Cenovus ought to be at the top of your shopping list.

Aurora Cannabis: A heavily out-of-favour cannabis kingpin that may be worth nibbling on

Aurora Cannabis (TSX:ACB)(NYSE:ACB) is a ridiculously volatile stock that's more of a speculation than an investment. However, it's a speculation that young investors should consider taking with a small portion of their TFSA portfolios.

Aurora is a moonshot play that hurt many speculators that tried to chase it over the past few years. The company has a mixed reputation with investors, because of its track record of excessively diluting shareholders. While the recent 1:12 reverse stock split brought shares out of sub-$1 territory after its epic +90% decline, investors should still treat the stock as a moonshot spec bet and not mix it with sound investments.

The company recently doubled in two days following decent results that saw slowing cash burn. While promising, it's tough to know if the quarter marked the start of an encouraging trend towards sustained profitability or if it was just an outlier.

If you're looking for excess risk-adjusted returns, you've got to stomach the volatility. And at these depths, Aurora looks to be a compelling spec to just stash in your TFSA for the next decade and beyond.

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joefrenette