



TFSA Investors: This Top Stock Could Make You an Absolute Fortune!

Description

The Tax-Free Savings Account (TFSA) continues to be one of the greatest gifts the Canadian government has given its citizens. Do you want to maximize returns by paying no tax? Then the TFSA is your perfect legal vehicle to do so.

While it seems too good to be true, it isn't. Through the TFSA, you can reinvest *all* your investment profits/income and pay no tax. The TFSA is a great opportunity for all Canadians to build a wealth-compounding investment machine.

If you turned 18 in 2009 or before, you can actually contribute a grand total of \$69,500 into your TFSA. There are some important rules, so make sure to talk with your financial advisor before opening an account. The point is, don't wait to start building your TFSA fortune!

This is a must-own stock for TFSA investors

Here is one stock that should be a foundation for every Canadian's TFSA. **Brookfield Asset Management** (TSX:BAM.A)([NYSE:BAM](#)) is one company that has a very tangible strategy to make its investors a fortune over the next 10 years.

It is one of the world's largest alternative asset managers. It manages over \$500 billion worth of infrastructure, real estate, renewable power, private equity, and capital markets assets.

Over the past 10 years, BAM has returned 500%

If you had bought this stock in June 2009, during the heart of the financial crisis, you would have earned, to date, an almost 500% return! Today, we are in another crisis, and it presents an attractive time to buy BAM for another 10-year run. BAM has some major tailwinds that make it a very attractive lifetime investment for your TFSA.

In a historically low interest rate environment, institutional investors have no choice but to look to

alternative investments for yield. As a result, BAM should see a massive flow of fee-bearing capital coming its way. Likewise, collapsing interest rates mean the value of BAM's income-producing assets should increase. As the value of BAM's assets increase, so will the value of its shares.

BAM has the scale and skill to compound capital

BAM has the global scale and expertise to deploy capital into attractive assets wherever value arises. It has the management expertise to take distressed assets and turn them into attractive cash-producing machines. In fact, [just this week, it made a massive investment](#) in a natural gas pipeline in the Middle East. Overall, it is just really well positioned to accrete long-term growth and organic value.

As opposed to other asset managers, BAM gets a stake in the investments it manages in the form of a carried interest. It takes other institutions' money, invests it in an asset, and then gets a piece of the pie when the asset matures. It then reinvests the proceeds and repeats the compounding cycle.

Brookfield stocks are perfect for your TFSA

BAM has created significant value by spinning off publicly traded entities that it manages. Most of these entities, in their own right, [are great investment vehicles](#) for a TFSA account.

One that I really like today is **Brookfield Infrastructure Partners**. It has a great mix of growth and income from its heavily contracted/regulated infrastructure assets (pipelines, electricity transmission, data infrastructure). It pays a great 4.6% dividend and it targets to grow its business by 12-15% a year.

The next 10 years could be as good or better than before!

Brookfield's management believes the next 10 years could be as good or better than the last 10 years. BAM has an even larger, stronger, and more diverse organization than it had 10 years ago. It has the size and capacity to complete transactions that very few organizations can.

I think for any investor, BAM is a perfect stock to own in your TFSA and forget about. In 10 years' time, you might look back and realize that BAM helped you compound a fortune!

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1. Coronavirus
2. Investing
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