



CRA Benefits Coming in August: 3 Smart Stocks to Buy Next Month With an Extra \$200

Description

The CRA is paying two benefits to taxpayers in August. These two benefits are in addition to CERB. For those who live in Ontario, the Ontario Trillium Benefit (OTB) will be paid on August 10. Canadians with children under the age of 18 may be eligible to receive the Canada Child Benefit (CCB) on August 20.

If you will be receiving CERB, the OTB, or the CCB and do not immediately need the cash, you may be thinking of investing it. Here are three stocks to consider buying with an extra \$200.

Royal Bank of Canada

Royal Bank of Canada ([TSX:RY](#))([NYSE:RY](#)) is Canada's largest bank. Given that the banking sector in Canada is dominated by the Big Five, RBC enjoys a wide moat. RBC also does a lot of lending to government clients, which are generally the most credit-worthy clients. Therefore, RBC's business model and cash flows are resilient, even in the face of uncertain and turbulent market conditions.

RBC has used this dominant position in Canada to steadily grow earnings over time. This has been the case, even in the face of falling interest rates over the past decade. Additionally, RBC shareholders have enjoyed steady and consistent [dividend](#) growth. RBC pays a quarterly dividend of \$1.08 per share. This is up from \$0.50 per share a decade ago. Therefore, RBC tends to be a favourite among dividend investors.

RBC is an ideal stock for steady growth. It is unlikely that RBC will see explosive growth in any particular year. However, for investors with a long-term perspective, RBC appears to offer an attractive entry point at current prices.

Canopy Growth

Canopy Growth ([TSX:WEED](#))([NYSE:CGC](#)) is the largest cannabis company in Canada. A large part

of Canopy's success has to do with the \$5 billion investment the company received in 2018 from **Constellation Brands**. Canopy is a long-term bet on the success of the global cannabis industry, and specifically, the success of [cannabis-infused beverages](#).

Canopy certainly has the industry expertise and capital to execute on this vision. However, this strategy may take some time to play out. This is because the cannabis-infused beverage product category is relatively new. Further complicating matters is the fact that there are significant limitations around marketing and pricing that currently hinder mass adoption of cannabis-infused beverages. Nonetheless, Canopy is poised to capture a significant slice of this lucrative and expanding market.

Canopy has still yet to generate a sustainable profit. This is expected, given that the company is still in high-growth mode. However, investors should keep an eye on costs in upcoming earnings reports, as CEO David Klein has embarked on an ambitious cost-cutting drive in his first year at the company. These cost-cutting measures, if successful, should provide short-term support for the stock while the long-term vision plays out.

BCE

BCE ([TSX:BCE](#))([NYSE:BCE](#)) is Canada's largest telecom company by market capitalization. BCE has suffered significantly during 2020. However, BCE could be poised for a significant comeback. This is especially true if demand for sports and sports content roars back in the second half of 2020.

BCE was especially hurt by the hiatus that professional sports experienced for much of the spring. This is because BCE is heavily invested in sports, both directly through investments in teams as well as through investments in sports-based media. The collapse of ticketing revenue may hurt BCE in the short term, since BCE has a direct interest in professional sports teams. However, the pent-up demand for sports could drive up subscriptions for BCE's TV and streaming services that deliver live sports content.

BCE currently pays a quarterly dividend of \$0.8325 per share. BCE has a long and storied dividend history. The company has paid a consistent and growing dividend for over 25 years. Therefore, BCE is a relatively safe bet for those looking to park extra cash in August.

Takeaway

If you are in the enviable position of having extra cash on hand in August, consider RBC, Canopy Growth, and BCE. The three are very different stocks. However, all three companies have the potential to generate significant gains in the long term if things go according to plan.

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1. Bank Stocks
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3. Canopy Growth
4. CERB
5. CRA
6. RBC
7. tax
8. TSX:WEED

TICKERS GLOBAL

1. NASDAQ:CGC (Canopy Growth)
2. NYSE:BCE (BCE Inc.)
3. NYSE:RY (Royal Bank of Canada)
4. TSX:BCE (BCE Inc.)
5. TSX:RY (Royal Bank of Canada)
6. TSX:WEED (Canopy Growth)

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