



## TFSA Investors: These 2 Oil Stocks Are up More Than 17% in the Past Month!

### Description

The price of North America's benchmark for crude oil (WTIC) has risen more than 15% since August 15.

Improved economic output in the U.S. has more than offset increased and near-record output from Saudi Arabia along with a reported private deal arranged between Russia and the Saudis to further increase their respective production levels.

It should come as no surprise then that stronger prices for crude and natural gas (also up, to the tune of 14.4% since the middle of September) have helped lift the shares of companies across the energy sector. **Energy Select Sector SPDR**, a widely traded benchmark for energy companies, is up a little less, just 7.6% since September 7.

Yet these two Canadian exploration and production companies have fared much, much better than that over the same stretch.

Shares in **Crescent Point Energy** (TSX:CPG)(NYSE:CPG) are up 29.5% since September 7 after CPG stock marked a fresh 10-year low earlier in the month.

Amid a broader recovery in energy prices, deep-value investors and contrarians have jumped in on the chance to buy a stake in this company trading at a very steep discount to its reported book value.

True, there is some doubt that CPG's current 4.33% dividend yield may be in jeopardy — particularly in light of the fact that its board of directors has already cut the firm's payout twice since oil prices started falling in 2014. However, the fact that shares are today available at such a discount to their book value is incredible in light of the fact that the majority of its assets remained untapped and unutilized.

While the uncertainty around the future of its dividend may ward off more conservative types and those looking for a [safe and secure income stream](#), younger investors that are putting their savings towards investments in their Tax-Free Savings Accounts (TFSAs) might want to think about taking a very close look at Crescent Point stock and its tremendous long-term growth potential.

Another very intriguing idea as far as TFSA investors are concerned is oil-sands producer **Baytex Energy** ([TSX:BTE](#))(NYSE:BTE). Baytex stock has gained more than 17.5% since September 7.

Unfortunately, BTE stock doesn't pay a dividend right now after the board of directors suspended the company's \$0.10 monthly payout entirely back in August 2015. That means the only way investors can stand to make a profit from an investment in BTE stock is by selling it down the road to another investor for more than what they paid to purchase it.

That type of investment approach has historically been condemned by traditional fundamentalists.

Even world-renowned investor Warren Buffett has, in the past, compared that type of approach to investing as being as unpredictable as playing a "game of musical chairs." It's an argument that's tough to debate given the impressive track records of Buffett and other successful [buy-and-hold investors](#).

But at the same time, try telling that to someone who was clever enough to buy a stake in **Amazon.com**, **Netflix**, or even Canada's own e-commerce leader, **Shopify** before shares in those companies all took off.

But what makes BTE stock such a great fit for TFSA accounts in particular is that Canadians aren't required to pay any taxes on the returns they earn from their TFSAs.

In Canada, dividend income already gets the benefit of favourable tax rates, which means that investors looking to maximize their returns are better off putting their top-performing growth stocks inside their TFSAs in order to avoid paying higher taxes on their realized capital gains.

### Bottom line

If the worst is indeed over for the energy sector and a recovery in the price of crude oil is already truly underway, investors will want to pay careful attention to these two stocks given that both still trade well below their all-time highs.

Meanwhile, the latest sanctions against Iran on behalf of the U.S. administration could provide the short-term catalyst needed to keep momentum behind prices and valuations supporting the sector.

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