3 Top Energy Stocks That Could Keep Your TFSA Cash Rich

Description

Energy market volatility doesn't make it an ideal place for investors who plan to use their Tax-Free Savings Account (TFSAs) to build their wealth. The extremely cyclical nature of the market increases the risk of buying your favourite stocks at a time when they are about to tank.

Despite the inherent unpredictability associated with energy stocks, I still like a few names that have shown time and time again that they can withstand the market gyrations and can still produce positive returns for their investors.

Here are my three top energy stocks that you should consider adding to your TFSA portfolio and earn growing cash through their dividends.

Suncor Energy

Canada's energy giant **Suncor Energy** (TSX:SU)(NYSE:SU) is a great dividend stock that fits nicely in a long-term investment approach, especially for TFSA investors whose aim is to build their income portfolio.

One of the biggest strengths that separates Suncor from other, more volatile oil and gas producers is the company's integrated business; it digs for oil, refines it, and sells it through its 1,500 gas stations.

Suncor also has a solid track record of returning cash to investors. The oil giant has been sending dividend cheques to its shareholders for about quarter of a century.

Despite posting a loss in the fourth quarter of the last year, Suncor hiked its payout by 17% to $0.42 a share quarterly. It also increased its share-buyback program from $2.15 billion to $3 billion.

Enbridge

Canada's largest pipeline **Enbridge** (TSX:ENB)(NYSE:ENB) is a another great candidate for your TFSA. It's a good defensive stock to hold on to when the economic headwinds are gathering pace.

The company pays a $0.73-a-share quarterly dividend with an annual dividend yield of 6%. The payout is forecast to rise 10% per year, as Enbridge undertakes its heavy development plan and benefits from its strong presence in North America.

Over the past one year, Enbridge has also accelerated its restructuring plan: selling assets, focusing on its core strengths, and paying down its debt. These measures are likely to benefit long-term investors whose aim is to earn steadily growing cash.

Canadian Natural Resources

Canadian Natural Resources (TSX:CNQ)(NYSE:CNQ) is another top diversified energy player from Canada that can keep your TFSA cash-rich. The company pursued a smart acquisition strategy during the last oil downturn that's paying off now.

By taking advantage of lower oil prices and its strong balance sheet, CNQ acquired oil sands assets last year from **Royal Dutch Shell**. That deal gave CNQ increased scale and sustainability from long-life assets.

What is also encouraging about CNQ is that it pays a quarterly dividend that has been growing fast. The five-year compound annual growth rate of dividends is over 20%. The producer pays $0.345 per share quarterly, which gives a yield of 3.77%.

Bottom line

Buying energy stocks that have diversified revenue bases and pay regular dividends is one proven way to reduce your risks while investing in the energy market. These stocks' growing dividends will stuff your TFSA with cash that you can use to buy more share, unlocking a powerful compounding impact.

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2. NYSE:ENB (Enbridge Inc.)
3. NYSE:SU (Suncor Energy Inc.)

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