



## Hate Taxes? Buy This 1 Stock Today to Benefit From Capital Gains!

### Description

When it comes to taxes, I don't know a single investor thrilled with the idea of giving their hard earned money to the government. I am one of these people.

This may come as a surprise to you, but dividends are often taxed at a higher rate than capital gains. A Canadian who earns \$1,000 in dividend income and belongs to the top 50% tax bracket will pay about \$290 in taxes.

If the \$1,000 was in the form of capital gains, the taxes amount to \$250. For many investors, this means that stocks with potential for significant capital gains actually lead to less tax!

This brings me to my stock pick for the tax-averse Fools out there. The company in question is **Tourmaline** ([TSX:TOU](#)), a top **TSX** stock. It's based in Calgary, Alberta and specializes in natural gas and crude oil acquisition, exploration, development and production.

The stock is currently trading at a 52-week low, but I believe it has huge potential to grow based on its consistent operating cash flows and its volatility.

### Consistent operating cash flows

Despite its fluctuating net income, Tourmaline delivers a consistent operating cash flow, which is generated from its main line of business. This usually indicates the future success of the company, as cash is required to expand the business and pay debt.

Operating cash flows have exceeded \$696 million in each of the past five fiscal years, with a peak of \$1.27 billion in fiscal 2018 and a trough of \$696 million in fiscal 2016.

Having a consistent operating cash flow is important for two main reasons:

First, from an investor's point of view, cash flow suggests the longevity of business. If a company can consistently generate enough cash to pay for business growth and debt, it can survive for many years

to come.

Second, potential businesses looking to take over a company emphasize cash flow as a key metric, as a company that cannot generate cash flow won't contribute to the bottom line.

## Volatile

Out of all the traits a stock price can possess, volatility is my favourite.

Volatility describes the up and down movement of the share price. Highly volatile stocks change prices dramatically and often. Less volatile stocks are more consistent.

If you look at Tourmaline's stock price chart for the past year, you will notice it peaked at \$23.44 and bottomed out at \$10.45

If you invested at the trough, you would have doubled your money. If you invested at the peak, you would have lost half your money. This is considered a volatile stock. As an investor this presents a significant opportunity to profit and I believe [now is the time to buy](#).

## Summary

Investors who are still reluctant to buy Tourmaline should find comfort in the fact the company has been around since 2008, which means one of its first major tasks was to survive the recession.

Given that the company continues to exist with [strong financials](#) and solid operating cash flows, investors shouldn't worry about its ability to exist in the near future and should focus on snagging shares of this company at a discount.

With the volatility Tourmaline share price experiences, investors who buy the stock now will benefit greatly from capital gains.

### CATEGORY

1. Energy Stocks
2. Investing

### TICKERS GLOBAL

1. TSX:TOU (Tourmaline Oil Corp.)

### PARTNER-FEEDS

1. Business Insider
2. Msn
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