TFSA Investors: 2 Top TSX Stocks to Own for the Next 5 Years

Description

The stock market as a whole appears overbought, but some top TSX stocks still look cheap and could deliver huge gains for TFSA investors in the next five years.

Why Brookfield Asset Management might be a top TSX stock for your TFSA now

A popular investing theme for 2021 is to find top Canadian stocks that will benefit, as the domestic and global economies reopen. **Brookfield Asset Management** (TSX:BAM.A)(NYSE:BAM) fits that description.

The company owns and manages roughly $575 billion in assets located around the world. Renewable energy, infrastructure, and real estate make up the bulk of the holdings.

The property group took a beating in 2020, and Brookfield Asset Management is in the process of taking its **Brookfield Property Partners** subsidiary private. Assets in the portfolio include world-class office buildings, hotels, student housing, multi-family buildings, and industrial properties.

Low interest rates could remain in place for several years. This will eventually lead to rising prices on assets that generate steady cash flow and returns. Office properties, hotels, and student residence buildings might be out of favour now, but that should change in the back half of 2021.

Brookfield Asset Management has a war chest of cash to deploy. As opportunities emerge from the economic downturn, investors could see a flurry of deals in the next couple of years to drive growth. The management team has a great track record of buying undervalued assets and generating attractive long-term returns on the investments.

Brookfield Asset Management stock trades near $52 right now compared to $60 before the pandemic.

Why Enbridge stock could outperform in 2021

Enbridge (TSX:ENB)(NYSE:ENB) had a rough ride in 2020, but the stock is ripe for a rebound. Energy infrastructure stocks still remain out of favour, giving investors a chance to get in at attractive prices.

The world is moving towards renewable energy, and electric vehicles will eventually become widespread, but oil demand won't disappear quickly. In fact, it continues to grow. The transition is underway, but analysts say it will be decades before we see a meaningful reduction in fossil fuel consumption.

Enbridge isn't an oil producer. The company simply move oil, natural gas, and gas liquids from the production companies to refineries or other customers. Pipeline networks are expensive to build and difficult to get approved these days. This means the existing infrastructure is extremely valuable.

Enbridge already moves roughly 25% of the crude oil produced in Canada and the United States and 20% of U.S. natural gas consumption. The company also has natural gas utility businesses that distribute the fuel to millions of homes and companies. The natural gas industry has bright global prospects as governments switch coal-fired power plants to use natural gas. Liquified natural gas (LNG) exports will grow in the coming years. Enbridge will play a part in getting the gas to the LNG terminals.

Enbridge's renewable energy group continues to grow and includes solar, wind, and geothermal assets.

The stock trades near $46 per share and provides a 7% dividend yield. It wouldn't be a surprise to see Enbridge stock retest the 12-month high of $57 by the end of the year.

The bottom line on top TSX stocks for a TFSA today

Brookfield Asset Management and Enbridge are leaders in their respective industries and should deliver solid returns for TFSA investors over the next five years. These top TSX stocks appear cheap today for a buy-and-hold portfolio.

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