



## 2 Top TSX Energy Stocks to Buy and Hold for the Next 10 Years

### Description

Energy stocks on the **TSX Index** can undoubtedly be volatile. However, they have delivered strong returns for investors in 2021. Despite a recent pullback, the **S&P/TSX Capped Energy Index** is still up 30% for the year. Energy stocks remain some of most [undervalued stocks](#) on the market today.

### There are still reasons to be bullish about TSX energy stocks

There are reasons to still be bullish about TSX energy stocks today. Canadian energy businesses have re-focused their strategies on capital returns over production growth. This means a key focus has been reducing debt, improving balance sheets, and then returning capital to shareholders. Over the pandemic, many energy businesses reduced their cost structures and unlocked operational synergies.

With oil trading over \$60 per barrel, many of these stocks today are producing significant amounts of free cash flows. Many of these businesses are in a better financial and operational position than ever before. Many still trade at a discount to their pre-COVID-19 levels. Given this, here are two top TSX energy stocks you can buy in August and simply hold for the next 10 years.

### Tourmaline Oil: A top TSX natural gas stock

**Tourmaline Oil** ([TSX:TOU](#)) is a top energy stock to have on your radar. Unlike its name, it is actually one of Canada's largest producers and processors of natural gas. It operates in some of Western Canada's most prolific gas basins. The company has made a number of acquisitions over the past year. This has greatly expanded its scale, efficiency, and production reserves.

Today, Tourmaline has streamlined operations that are benefiting from the strong pricing environment for natural gas. Hence, it is generating a significant amount of free cash flow. In 2021, it expects to generate \$2.8 billion of cash flow. It expects to produce a 14% free cash flow yield in the year!

This TSX stock just came out with [exceptional earnings](#), where it delivered record free cash flows. This excess cash has been utilized to drastically reduce debt and increase its dividend. It is not

unforeseeable that it could be debt free in as little as a year or two.

Today, it pays a 2% dividend, but that could increase drastically if it has no more debt to service. Given its solid outlook and strong production profile, this is my top energy stock to buy and hold for the long run.

## TC Energy: A top energy infrastructure stock to own

While **TC Energy** ([TSX:TRP](#))([NYSE:TRP](#)) is not directly an energy producer, it should benefit from similar trends that support Tourmaline's growth. This TSX stock owns and operates one of North America's largest natural gas pipeline networks. In fact, it transports around 25% of North America's natural gas demand.

While pipelines are not exactly the most popular investment today, TC Energy should remain relevant for many years. Natural gas helps create a number of useful byproducts (propane, butane, polypropylene, etc.). More importantly, it is a crucial fuel for heating homes/businesses and creating power. In a year where natural gas is seeing strong demand, TC should enjoy strong volumes through its pipelines.

As the world becomes greener, natural gas will continue to be an important fuel to assist in the energy transition. TC currently has a large \$20 billion capital plan expanding its natural gas and power infrastructure network. Management expects these investments could fuel free cash flow per share growth by 5-7% annually for the immediate future.

Today, this TSX stock pays a 5.7% [dividend](#). It has a very long history of consistently raising that dividend. Given its stable growth profile, I have no reason to believe it won't continue delivering solid returns for shareholders long into the future.

### CATEGORY

1. Energy Stocks
2. Investing

### POST TAG

1. Editor's Choice

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