



TFSA Pension: 2 Top TSX Stocks to Buy Now for 2022

Description

Tax-Free Savings Account (TFSA) investors are looking for attractive stocks to buy for their self-directed retirement accounts heading into 2022. The winners next year could be those that benefit from the rebounding economy and an inflationary environment.

TD

TD ([TSX:TD](#))([NYSE:TD](#)) is a major player in the Canadian and U.S. banking sectors. The company is the number two bank in Canada by [market capitalization](#) is a competitive force south of the boarder with a branch network that runs down the U.S. east coast from Maine to Florida.

TD reported strong fiscal Q3 2021 earnings that indicate the worst of the pandemic is in the rearview mirror. The bank generated \$3.6 billion in adjusted net income in the three months. TD had a net reversal of provisions for credit losses in the quarter, as it did in fiscal Q2, indicating a continued improvement among borrowers being able to make their payments.

Deferrals and government aid help avoid the worst-case scenario for TD and its peers. As a result, the company is now sitting on excess cash it built up to cover potential losses. TD finished fiscal Q3 with a CET1 ratio of 14.5%. The minimum requirement is 9%.

Investors should see a big dividend increase next year when the banks are expected to get the approval to restart payout hikes. A new share buyback program and a possible acquisition could also be on the way.

The stock trades at a reasonable 10.5 times trailing 12-month earnings and offers a 3.5% dividend yield.

Barrick Gold

Barrick Gold ([TSX:ABX](#))([NYSE:GOLD](#)) traded for \$40 per share at the height of the gold rally in 2020

when the price of gold hit US\$2,080 per ounce. Since then, the stock has drifted lower, and currently trades near \$24 per share.

The 40% sell-off in the stock looks overdone. Gold currently trades near US\$1,800 per ounce. That's just a 13.5% drop from the 2020 high. The recent tailwind behind the price of gold could carry through the end of the year and into 2022 as investors around the globe look for a safe place to park cash to protect against inflation and a possible market correction in global stocks.

Barrick Gold is also a large producer of copper. The price of the base metal hit multi-year highs in 2021 and strong demand is expected to keep copper prices elevated in the next few years. Copper is a key component in the manufacturing of electric vehicles, solar panels, and wind turbines.

Barrick Gold paid out a US\$750 million special return of capital to investors in 2021. Another bonus could be on the way in 2022 on top of a potential dividend increase. Barrick Gold tripled the dividend over the past three years.

The company has a strong balance sheet and should generate solid cash flow and profits next year even if gold and copper prices hold current levels.

The bottom line

TD and Barrick Gold are leaders in their respective industries. The stocks appear cheap right now and could deliver big gains for investors next year. If you have some cash to put to work in a TFSA retirement fund, these stocks deserve to be on your radar.

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2. NYSE:TD (The Toronto-Dominion Bank)
3. TSX:ABX (Barrick Mining)
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