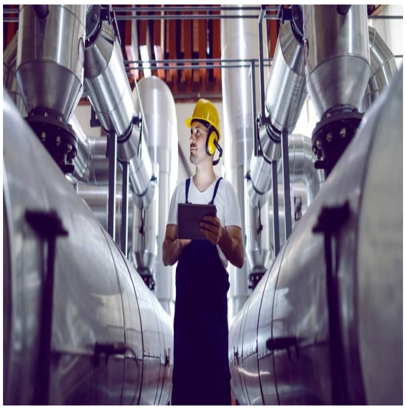

2 TSX Energy Stocks to Ride the Oil Boom

Description

TSX's energy sector is having a banner year because of rising crude prices. Its year-to-date gain is 87.27%, with only five trading weeks left in 2021. Furthermore, the oil boom could extend in 2022, so there's no better time than now to ride on it.

Freehold Royalty (TSX:FRU) and **Suncor Energy** (TSX:SU)(NYSE:SU) display incredible performances in addition to their generous dividends. They're the top investment prospects for both income and growth investors in December 2021. The share prices are affordable even to those with limited capital to invest.

Freehold Royalty outperforms not only the energy sector, but also industry giants **Enbridge** (+33.14%), **Pembina Pipeline** (+39.51%), and **TC Energy** (+24.28%). At $11.83 per share, year-to-date 136.70%, while the trailing one-year price return is 154.97%. The $1.78 billion oil and gas royalty company is a generous income provider with its 6.13% dividend.

Lower-risk vehicle

Remarkable would be an understatement if you were to describe the comeback this year. The quarterly and year-to-date results are proof of brisk business. In Q3 2021, Freehold reported a 120% and 16,249.6% growth in royalty revenue and net income versus Q3 2020.

Freehold President and CEO David Spyker said the third quarter was transformational for the royalty company. It completed more than $250 million worth of transactions in core U.S. and Canadian oil basins. The transactions should enhance Freehold's existing portfolio and cement its industry position in North America.

In the nine months ended September 30, 2021, net income reached $40.9 million compared to the $14.3 million net loss in the same period in 2020. Notably, cash flows from operations increased 127% to $102.3 million. Spyker said the portfolio is well-positioned to generate organic growth in the coming years, given the significant increase in funds from operations.

Management's investment pitch is that Freehold is a lower-risk vehicle for investors. Regarding dividend payments, the return since it went public is nearly $33 per share in dividends. The initial public offering (IPO) price 25 years ago was $10 per share. Moreover, the board of directors recently approved a 20% increase in dividends.

Back on investors' radars

Suncor Energy is back on investors' radars following its fall from grace in 2020. You can forget about the losses and 55% dividend cut last year as the oil bellwether rebounds from the slump. At $33.74 per share, current investors enjoy a 61.89% year-to-date gain.

More importantly, management recently announced a 100% increase in dividends. The increase effectively restores the payout to the pre-pandemic level. You can now partake of the 4.98% dividend if you invest today. Apart from the dividend boost, the $48.08 billion integrated oil company will accelerate its share buyback of up to 7% of its outstanding shares.

In Q3 2021 alone, the funds from operations increased 126.5% to $2.641 billion from Q3 2020. Suncor also reported operating earnings of $1.043 billion compared to the $338 million net loss. Likewise, management was able to reduce debt by $3.1 billion.

On September 30, 2021, Suncor became the operator of Syncrude. It's one of Canada's largest operations in the oilsands industry. Management said it was a critical step that should drive greater integration, efficiencies, and competitiveness where Suncor operates.

Year-end buys

Freehold Royalty and Suncor Energy are the top choices if you're looking for great year-end buys in the red-hot energy sector.

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