



Top 3 TFSA Stocks for 2022

Description

The year ahead is as unpredictable as ever. However, some things we know for sure. We know that the Tax-Free Savings Account (TFSA) is getting more contribution room. We also know that steadily growing and undervalued stocks are an ideal fit for this account.

With that in mind, here are the top three TFSA stocks that should be on your radar in 2022.

TFSA stock #1

Sprott Physical Uranium Trust (TSX:U.UN) is a top pick for 2022. Winter is far from over and the world still faces an energy crisis. This crisis could extend well into 2022. To plug the gap between renewable energy and fossil fuels, some governments are likely to turn to nuclear energy. Sprott is trying to corner the market for this sector's key commodity: uranium.

Sprott's ETF has been accumulating uranium in anticipation that the world's demand for this yellow material will outweigh production capacity.

Uranium prices have surged throughout 2021. If this trend continues over the next few years, the Sprott Uranium ETF could benefit. The ETF has gained 47% over the past 12 months. At the moment, it's trading at a tiny 1.6% premium to net asset value. That makes it a fairly valued play for investors seeking exposure to this trend.

TFSA stock #2

Fortis ([TSX:FTS](#))([NYSE:FTS](#)) is another potential TFSA stock you should keep an eye on. In 2022, central banks must attempt to tame inflation. Their primary tool for doing so is raising interest rates. That's bad news for growth stocks. If their primary tool fails to lower the inflation rate, that's bad news for the rest of the economy.

Fortis, however, is somewhat insulated from the economy. The utility company is an essential business

that provides electricity. Demand for this basic necessity is likely to remain stable in 2022, regardless of what's happening in the rest of the economy.

In fact, the Fortis team is even prepared to *boost dividends* next year. The company is in excellent financial shape and has enough breathing room to expand payouts for the next few years. Unsurprisingly, the stock is near an all-time high.

Fortis stock currently trades at 23 times earnings and offers a 3.5% dividend yield. It's not likely to deliver sudden capital gains or substantial passive income. But it is a safe haven for investors who're uncertain about 2022's economic outlook. Keep this safe TFSA stock on your watch list.

TFSA stock #3

Nuvei ([TSX:NVEI](#))([NASDAQ:NVEI](#)) is a beaten-down tech stock that deserves a mention. A recent report published by a short-seller said the stock was overvalued. Well, that issue seems to have been resolved. The stock has [lost 53% of its value](#) since hitting an all-time high in September.

Nuvei stock is now trading at a price-to-earnings ratio of 80. That's not cheap, but it's certainly fair given the company's growth rate. In 2022, Nuvei is likely to double down on its international expansion and new cryptocurrency payment solutions. If it can sustain its current pace of revenue growth (about 97%) the current valuation would certainly seem fair.

Keep this beaten-down tech stock on your watchlist for 2022.

CATEGORY

1. Investing

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3. TSX:FTS (Fortis Inc.)
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