



New TFSA Investors: 2 Top TSX Stocks to Create a Self-Directed Retirement Fund

Description

Canadian investors get an extra \$6,000 in [TFSA](#) contribution space in 2022. Let's take a look at two top TSX stocks that might be good to buy for a new TFSA retirement portfolio.

Telus

Telus ([TSX:T](#))([NYSE:TU](#)) is a key player in the Canadian communications sector with world-class wireless and wireline infrastructure that supplies customers with mobile, internet, and TV services across the country.

The company is investing billions of dollars to upgrade legacy copper lines to fibre optic ones and is expanding its [5G](#) network. These initiatives will help support customer retention and provide opportunities for new revenue streams, as people use increasingly more broadband across multiple devices at home and at work.

Telus expects the capital expenditures to peak in 2022 or 2023. This should free up more cash for dividends in the coming years. Telus is one of Canada's top dividend-growth stocks, and investors should see steady payout increases continue.

Telus has also invested in new [sectors](#), where it can use its unique technology to drive new revenue streams. Telus Health and Telus Agriculture have grown steadily in 2021, and the divisions have the potential to add meaningful cash flow expansion in the coming years.

The stock is a good defensive pick for investors and offers an attractive 4.4% dividend yield.

Suncor

Suncor ([TSX:SU](#))([NYSE:SU](#)) looks [undervalued](#) at the current stock price of \$31.50. The energy giant is not only a leading oil producer, it also has large refineries and a network of about 1,500 Petro-

Canada retail locations.

The rebound in fuel demand is expected to continue in 2022 and oil prices are at very profitable levels for Suncor's production business. Suncor decided to use most of its excess cash in 2021 to reduce debt and buy back stock. The company will likely end 2021 with net debt at a level it thought it wouldn't reach until 2025. This is likely why the board felt comfortable raising the dividend by 100% when the Q3 2021 results came out. Investors could see another payout increase in the first half of 2021 if WTI oil holds near its current price of US\$75 per barrel in the coming months.

Beyond 2022, pundits predict the price of oil will move meaningfully higher due to rising demand. Energy companies drastically reduced exploration and development budgets in the past two years, and that could result in tight supply conditions.

Suncor traded for \$44 per share before the pandemic, when the price of oil was significantly lower than its current level. Investors who buy now can pick up a 5.3% dividend yield and have a shot at some big capital gains in the next couple of years.

The bottom line on top stocks to buy for a TFSA

TFSA investors looking to build retirement or income portfolios should consider Telus and Suncor stock today. The companies pay attractive dividends with great yields at the current stock prices. Telus and Suncor are leaders in their respective industries and should deliver solid long-term total returns for new investors.

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