



2 Top TSX Stocks for TFSA Investors to Buy Now

Description

The TFSA limit in 2022 is \$6,000. Investors are now searching for [undervalued](#) TSX stocks that could deliver big TFSA gains in 2022 and beyond.

Manulife

Manulife ([TSX:MFC](#))([NYSE:MFC](#)) is a Canadian insurance and wealth management business with operations primarily located in Canada, the United States, and Asia. The stock is an attractive pick for investors who want to get exposure to international economic growth through a Canadian company.

Manulife reported solid Q3 2021 results, despite the ongoing challenges posed by COVID-19. Core earnings came in at \$1.5 billion, representing a 10% increase from the same period last year. New Business Value came in at \$539 million, up 22% from Q3 2020. Annualized Premium Equivalent sales rose 5% to \$1.4 billion.

Global Wealth and Asset Management reported net inflows of \$9.8 billion compared to net outflows of \$2.2 billion in the same three months in 2020. Core return on equity for the first nine months of the year was 13.2%, up from 10.6% in 2020.

Manulife is investing heavily to digitize its business. The progress the company made before the arrival of the pandemic helped Manulife and its customers get through the challenges of the past two years.

The board recently raised the dividend by 18% to \$0.33 per share. That provides an annualized yield of 5.2% at the current share price. The distribution hike indicates the company is comfortable with its profit outlook in 2022.

Manulife also plans to buy back up to 39 million shares, or 2% of the outstanding float under a new share-repurchase program.

The stock looks cheap today near \$25.50 per share. Manulife traded as high as \$27.75 in the past 12 months. Investors who buy now can pick up an attractive dividend yield and wait for the stock to catch

up with other financial names.

Suncor

Suncor ([TSX:SU](#))([NYSE:SU](#)) upset investors in 2020 when it cut the dividend by 55% to protect cash flow through the pandemic. The drop in fuel demand caused by lockdowns and the subsequent plunge in oil prices hit Suncor across its integrated business units that include production, refining, and retail.

The recovery in the price of oil and a rebound in fuel demand in 2021 turned the tide for Suncor, but the market still kept the stock in the doghouse relative to the performances of its peers. Suncor delivered strong Q3 2021 earnings and used the cash windfall during the year to reduce debt and buy back shares. Suncor now has its net debt down to where it thought it would be in 2025 and continues to repurchase stock.

The board has increased the share-buyback program to as much as 7% of the float. Suncor also raised the dividend by 100% when the Q3 numbers came out to bring it back to the 2019 level.

The shares still only trade at \$33.50 at the time of writing compared to \$44 before the pandemic. TFSA investors who buy Suncor stock now can pick up a 5% dividend yield.

Oil prices remain at very profitable levels for Suncor and fuel demand could soar in the second half of 2022 if travel restrictions and work-from-home orders end.

The bottom line on top stocks to add to a TFSA in 2022

Manulife and Suncor are leaders in their respective industries. Both stocks look cheap right now and offer above-average dividend yields for self-directed TFSA investors.

CATEGORY

1. Investing

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1. NYSE:MFC (Manulife Financial Corporation)
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3. TSX:MFC (Manulife Financial Corporation)
4. TSX:SU (Suncor Energy Inc.)

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