



TFSA 2022: 2 Stocks to Buy With Your \$6,000 Limit

Description

The framers of the Tax-Free Savings Account (TFSA) envision a [unique personal savings vehicle](#) that will help Canadians secure their financial futures. However, besides saving and investing, the most incredible benefit from the TFSA is that money inside the account grows tax-free throughout a user's lifetime.

Users usually hold [incoming-producing assets](#) in their TFSAs, not cash. The preferred choices of most are dividend stocks. If you're looking to maximize your new \$6,000 limit in 2022, **National Bank of Canada** ([TSX:NA](#)) and **Suncor Energy** ([TSX:SU](#))([NYSE:SU](#)) are [noteworthy prospects](#) right now.

The bank stock recently announced a 23% dividend increase, while the dividend yield of the oil bellwether is back to the pre-pandemic level. Moreover, there are potential capital gains to would-be investors from price appreciation.

Head start in the fintech ecosystem

Canada's sixth-largest bank is perhaps the best blue-chip stock you can buy at less than \$100 per share. NA's total return last year was 39.73%, which is better than the TSX's performance (+21.74%). The current share price is \$99.75, while the dividend yield is 3.54%.

National Bank president and CEO Laurent Ferreira said, "The bank delivered outstanding results in fiscal 2021. We generated superior organic growth and an industry-leading return on equity while maintaining strong capital levels and prudent allowances for credit losses."

In fiscal 2021 (year ended October 31, 2021), the net income of \$3.17 billion was 52.52% higher than fiscal 2020. According to management, all business segments delivered excellent performance and contributed to the significant growth in net income.

Financial institutions in Canada, including the big banks, are venturing into the fintech ecosystem. Nascent startups are sprouting, and many are exploring opportunities to collaborate with giant lenders. National Bank has a head start, given its innovative partnership with Flinks, a Montreal-based fintech

platform.

On August 25, 2021, the \$32.61 billion bank announced a \$103 million investment in Flinks, including a \$30 million capital for expansion in the United States. According to National Bank and its fintech partner, the investment will allow Flinks to “continue its fast-paced growth and meet the demands of fintechs, asset managers, credit unions and banks.”

Value generation

Suncor Energy had a better performance last year than 2020, and the energy stock delivered an overall return of 53.24%. The best news to investors was the 100% increase in dividends due to a bumper Q3 2021. Net earnings during the quarter were \$877 million versus the \$12 million net loss in Q3 2020.

The cash flow from operating activities reached a whopping \$4.71 billion, a 278.96% increase from the prior-year quarter. Besides the dividend increase, Suncor repurchased around 28 million common shares (1.8% of total issued). Management also plans to reduce its debt further to fortify the balance sheet.

Expect Suncor Energy to have greater efficiencies and competitiveness, because it's now the operator of the Syncrude asset. Its president and CEO Mark Little said the company would focus on high-margin, low-capital projects that deliver significant returns, cash flow, and long-term value generation for shareholders. Suncor trades at \$33.58 per share and pays a 4.96% dividend.

Ideal for TFSA investors

National Bank and Suncor Energy are ideal for TFSA investors. They are unlikely to disappoint if you use your \$6,000 annual limit to purchase them.

CATEGORY

1. Dividend Stocks
2. Investing

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2. TSX:NA (National Bank of Canada)
3. TSX:SU (Suncor Energy Inc.)

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