



## 2 Top Stocks for Total Returns in 2022

### Description

Canadian [TFSA and RRSP](#) investors are searching for top stocks that pay attractive dividends and offer a shot at big capital gains.

### Suncor

**Suncor** ([TSX:SU](#))([NYSE:SU](#)) is moving higher due to the rally in the price of oil, but the stock still looks [undervalued](#) when you consider the outlook for fuel demand and the current margins generated by the production operations.

WTI oil just topped US\$100 per barrel and could go higher, as sanctions against Russia mount and global producers struggle to scale up output. The oil industry reduced exploration and development spending drastically in 2020 and 2021 due to the crash in fuel demand caused by pandemic restrictions. The sharp rebound in oil consumption has quickly exhausted stockpiles, and it will take time for the industry to raise supply enough to meet rising demand.

At the same time, big oil producers face increasing pressure to meet [ESG](#) goals. This will reduce the capital flows to large new projects in the coming years.

Suncor's refining and retail operations should deliver strong results in 2022, as jet fuel demand recovers and commuters start heading back to their offices. The company operates four large refineries and roughly 1,500 Petro Canada service stations.

The stock trades near \$39 per share at the time of writing. In early 2020, before the pandemic crash the share price was \$44 when WTI oil only traded for around US\$60 per barrel. With fuel demand on track to meet or surpass 2019 levels in 2022, the stock appears cheap.

Suncor raised the dividend by 100% in late 2021. Another large distribution hike should be on the way. The company is also using excess cash to reduce debt and aggressively buy back stock. Investors who buy Suncor now can pick up a decent 4.3% yield and wait for the market to realize Suncor's potential to generate significant free cash flow in the coming months.

## Pembina Pipeline

**Pembina Pipeline** ([TSX:PPL](#))([NYSE:PBA](#)) provides a wide scope of services to Canadian oil and gas producers. Along with pipelines, the company has logistics, gas gathering, and gas-processing operations. Pembina Pipeline also owns a propane export terminal and is evaluating an LNG project with First Nations partners.

The company is in another partnership that is looking at building carbon-capture and storage facilities to help energy producers meet ESG goals.

Pembina Pipeline generated record adjusted EBITDA of \$3.43 billion in 2021, up 5% over 2020 and above guidance. Adjusted EBITDA in 2022 is expected to be as high as \$3.55 billion.

The stock trades near \$43 at the time of writing compared to \$53 before the pandemic, so there is decent upside potential as the energy sector rebounds. The dividend currently provides a 5.9% yield. Investors who buy now get paid very well and have a shot at some big capital gains over the next couple of years.

## The bottom line on top stocks for total returns

Suncor and Pembina Pipeline pay attractive dividends and have the potential to move much higher in 2022. If you have some cash to put to work in a TFSA or RRSP focused on total returns, these stocks deserve to be on your radar.

### CATEGORY

1. Dividend Stocks
2. Investing

### TICKERS GLOBAL

1. NYSE:PBA (Pembina Pipeline Corporation)
2. NYSE:SU (Suncor Energy Inc.)
3. TSX:PPL (Pembina Pipeline Corporation)
4. TSX:SU (Suncor Energy Inc.)

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