TFSA Investors: Where to Invest $6,000 This Year

Description

If you still have not contributed to your Tax-Free Savings Account (TFSA), it's an excellent time to put in fresh money. Broader markets have come down by more than 4% recently, and some stocks have seen a rather bigger correction. The TFSA offers several benefits like tax-free compounding and convenient withdrawals. So, it's a great tool to build long-term wealth and to support disciplined investing.

Here are three top TSX stocks for TFSA investors.

Toronto-Dominion Bank

As interest rates are about to increase this year, this could be the right time to buy Canadian bank stocks. I think **Toronto-Dominion Bank** (TSX:TD)(NYSE:TD) is well placed at these levels.

Higher rates should increase the bank's net interest margins in the next few quarters. Also, TD stock should be a decent proxy to play the economic growth amid full re-openings. TD Bank's significant exposure to the U.S. and superior credit portfolio stand tall among peers.

Note that the recently announced acquisition of **First Horizon** by TD Bank could further bolster its presence south of the border. In addition, it provides the necessary scale and growth opportunities for TD, which are expected to be immediately accretive to its adjusted earnings.

TD stock currently offers a dividend yield of 3.6%, in line with the Big Six banks' stocks. Moreover, it has returned 30% in the last 12 months and 70% in the last five years.

Intact Financial

If you are looking for a stable, slow-moving stock that offers decent growth prospects, **Intact Financial** (TSX:IFC) should be on your radar.

It is a $32 billion property and casualty insurer in Canada. It has a leading 21% market share and collects approximately $20 billion in total annual premiums.

Despite being a relatively uncertain industry, Intact has seen consistent financial growth over the years. Intact stock has returned 95% in the last five and 200% in the last 10 years. Strong execution and prudent underwriting drove such incredible growth in this period.

Even if markets turn volatile, Intact stock has a low correlation to it and continues to move slowly. It pays a stable dividend that yields 2% at the moment.

If you avoid investing in stocks mainly because of the volatility, Intact could be an apt pick for you.

Baytex Energy

We are just in the first quarter of 2022, and small-cap energy stock **Baytex Energy** (TSX:BTE)(NYSE:BTE) is sitting on 60% gains so far. And, importantly, its latest quarterly numbers indicate that it could just be the start.

Baytex Energy reported a net income of $563 million in Q4 2021 — more than double the Q4 2020. Along with the financial growth, the company could see deleveraging due to faster debt repayments, thanks to higher free cash flow growth.

A $3 billion Baytex gets 70% of its revenues from crude oil, while the rest comes from natural gas and liquids. It aims to produce 80,000 to 83,000 barrels of oil per day in 2022 — marginally higher than 2021.

BTE stock has jumped 340% in the last 12 months, beating Canadian energy bigwigs by a wide margin. The stock could gain more if crude oil continues to trade strong.

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2. TSX:BTE (Baytex Energy Corp.)
3. TSX:IFC (Intact Financial Corporation)
4. TSX:TD (The Toronto-Dominion Bank)

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