



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

### Description

Many investors avoid stocks mainly because of the volatility. But a small amount invested regularly could substantially reduce that risk and generate handsome returns. Fortunately, Canadian investors have Tax-Free Savings Accounts (TFSAs) that motivate such disciplined, long-term investing. The account facilitates tax-free compounding over the long term and allows convenient withdrawals.

Here are some top TSX stocks that offer handsome return potential for the long term.

### Air Canada

Canada's biggest passenger airline stock, **Air Canada** ([TSX:AC](#)) seems to be taking key support at \$20 levels. The stock has bounced back thrice from these levels in the last six months.

Air Canada is seeing a slow-but-steady financial recovery driven by recovering demand recently. And that's evident because the mutating virus kept bringing in fresh uncertainties. Air Canada's revenues [jumped](#) to \$2.7 billion in Q4 2021, marking a solid 230% surge relative to Q4 2020. Though it kept on posting a negative bottom line, the net loss narrowed, and cash burn lowered.

Those who expect a sharp recovery in AC stock might not see it in the short to medium term. Because although demand seems to upturn sharply, relatively slowly recovering business travel and higher jet fuel prices could hinder AC's growth.

But if your time horizon is longer beyond four to six quarters, AC could see robust value creation from its current levels.

### Vermilion Energy

The energy sector is one of the few booming sectors this year. **Vermilion Energy** ([TSX:VET](#))([NYSE:VET](#)) stock has soared almost 150% in the last 12 months. Interestingly, crude oil has fallen almost 30% in the last few weeks, but Canadian energy stocks have corrected by almost 15% in the

same period.

Vermilion reported a massive earnings recovery in 2021, which fueled the recent stock rally. Apart from earnings expansion, Vermilion has managed to repay a large chunk of debt in the last few quarters. Thus, it is expected to achieve leverage below 0.5 this year — the lowest since 2008.

Vermilion [reinstated](#) dividends this quarter, driven by its steep free cash flow growth this year. Note that it suspended shareholder payouts amid the pandemic in 2020. Though the dividend amount is tiny, it indicates management's confidence in the company's future earnings growth and balance sheet strength.

## Barrick Gold

Canada's top gold producer **Barrick Gold** ([TSX:ABX](#))(NYSE:GOLD) is one of the best picks to play the current inflationary environment. We have been seeing a strong uptick in the yellow metal prices as inflation moved to record levels in the last few months.

Barrick is one of the biggest gold and copper producers across the globe. It produced 4.4 million ounces of gold last year. Higher gold prices will boost its financials, ultimately moving the stock higher.

ABX stock is up almost 16% so far this year. From the valuation standpoint, it does not look too stretched and indicates a decent upside potential. In addition, it pays a decent [dividend](#) that yields 1.7%. If you want to play the gold rally, top miner Barrick stocks would be a smart pick.

### CATEGORY

1. Investing

### POST TAG

1. Editor's Choice

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2. NYSE:VET (Vermilion Energy)
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4. TSX:AC (Air Canada)
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**Date**

2025/06/28

**Date Created**

2022/03/18

**Author**

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