



3 Top TSX Stocks to Buy for TFSA Investors

Description

If you have not made this year's TFSA contribution yet, consider the following TSX stocks. They offer handsome growth potential for the long term.

Vermilion Energy

The recent crude oil price rally has been very generous for energy producers this year. Notably, instead of deploying more capital to increase production, Canadian energy producers have infused their incremental cash flows to improve their balance sheet strength and increase shareholder returns. **Vermilion Energy** ([TSX:VET](#))([NYSE:VET](#)) has been one of them.

The company aggressively repaid its debt and deleveraged its balance sheet in the last few quarters. Interestingly, the excess cash allowed it to reinstate [dividends](#) as well. Vermilion paid a \$0.06-per-share dividend in Q1 2022. In addition, it recently announced an acquisition of a natural gas company Leucrotta Exploration. Rallying natural gas prices and high-quality gas reserves make the deal attractive for Vermilion investors.

VET stock has gained 200% in the last 12 months. Though oil prices have corrected a tad in the last few weeks, VET stock has been relatively resilient. That's because of its enhanced balance sheet. The stock will likely restart its upward climb ahead of its Q1 2022 earnings.

BRP

Canada's leading Powersports vehicle maker **BRP** ([TSX:DOO](#))([NASDAQ:DOOO](#)) is an excellent post-pandemic play for long-term investors. The stock had a massive correction late last year before a decent recovery in March 2022.

BRP operates in more than 130 countries and has a leading share in the niche market. Popular Powersports brands like Sea-Doo and Ski-Doo fall under its umbrella.

The company reported a net income of \$794 million for the fiscal year 2022. This was handsome growth of 118% year over year. It is already seeing encouraging demand growth across its product range. Moreover, when travel normalizes and consumer discretionary spending increases, BRP could see even higher financial growth in the next few years.

BRP stock is currently trading 11 times its earnings and looks relatively undervalued. Though a faster pace of interest rate hikes could hinder the stock, it could rally in the long term, driven by its solid earnings-growth potential.

Enbridge

Very few stocks offer both superior dividend yield and a long dividend payment history. Canadian energy giant **Enbridge** ([TSX:ENB](#))([NYSE:ENB](#)) belongs to that camp of [raising](#) shareholder payouts for 26 consecutive years and a juicy 6% yield. This implies a reliable and regular passive-income stream for a long time.

Enbridge provides an important energy infrastructure that connects [oil and gas producers](#) and refiners. It derives a majority of its earnings from long-term contracts. So, they don't fluctuate much with oil and gas prices.

If you are looking to take exposure to the energy sector but feel uneasy about its large swings, Enbridge could be an apt choice for you. It is a relatively less-volatile stock than energy producers. Its stable dividends and earnings make it an attractive bet for low-risk investors.

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