TFSA Investors: 2 TSX Stocks for Solid Tax-Free Capital Gains and Income

Description

As capital gains and dividend income earned in the TFSA (Tax-Free Savings Account) are not taxed, investing through it enhances the overall returns. Further, the current market scenario presents a solid investment opportunity for investors to take a long position in top-quality TSX stocks. Against this background, let's look at two stocks that TFSA investors should target to generate tax-free capital gains and regular income.

goeasy

goeasy (TSX:GSY) is a terrific stock to invest in at current levels, given its high-growth profile. While fear of macro headwinds impacting economic growth and consumer spending has led to a decline in goeasy stock, investors should take this opportunity to accumulate its shares via the TFSA route.

goeasy is a top stock for growth and income, and there are a couple of solid reasons for that. It has been consistently growing its top and bottom lines at a remarkable pace. Furthermore, its strong earnings growth has been driving higher dividend payments.

For context, goeasy has delivered double-digit sales and earnings growth for nearly two decades. Meanwhile, it has grown its dividend by a CAGR of 34.5% in the last eight years.

Despite the uncertainty, management's guidance indicates that the momentum in goeasy's business will sustain in the coming years. Management expects to deliver double-digit top-line growth over the next three years, which is encouraging.

Its comprehensive portfolio of lending products, large subprime lending market, channel and geographical expansion, and strong competitive position will support its top line. Meanwhile, the growing penetration of secured loans, higher ticket size, and new product launches bode well for growth. Moreover, leverage from higher sales, strong repayment volumes, and margin expansion will likely cushion its earnings and drive higher dividend payments.

goeasy stock has dropped by about 54% from its 52-week high. The steep decline in its price, strong growth catalysts, and a dividend yield of 3.7% make it a solid long-term investment.

Enbridge

The stellar recovery in oil prices and strong energy demand provides a multi-year growth opportunity for **Enbridge** (TSX:ENB)(NYSE:ENB). The underinvestment in new supply due to the uncertainty related to the COVID-19 pandemic, steady demand, and disruptions from the Russia/Ukraine war indicate that commodity prices could stay elevated in the foreseeable future, which would support Enbridge's growth.

Enbridge is poised to benefit from the capital projects recently placed into service. Moreover, its strong secured capital program points to a healthy future. Furthermore, its focus on strategic acquisitions, momentum in the core business, and the expansion of renewables capacity augurs well for growth and make it a top energy stock to invest in.

Enbridge is also famous for its robust dividend payments. The company has been paying a regular dividend for nearly 67 years. Meanwhile, it has grown it for the last 27 consecutive years. Its diverse revenue streams, long-term contractual agreements, inflation-protected EBITDA, and focus on productivity savings support its payouts.

The energy infrastructure company is confident that it will deliver 5-7% annual growth in its distributable cash flows in the medium term. This would enable it to further enhance its dividend payments during that period. By investing in Enbridge, TFSA investors can earn a high yield of 6.5% and benefit from the appreciation in its stock price in the coming years.

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