TFSA Investors: 2 Incredible Deals to Buy Today

Description

The market melt-up of July and August has been quite pronounced, with the S&P 500 adding another 1.7% to its recent gains on Friday's session of trade. Indeed, the lower-than-expected inflation report in the United States has caused some to deploy capital back into stocks again on hope that central banks won't need to hike as aggressively. While it's never good to underestimate the U.S. Federal Reserve (fighting the Fed, as they call it) or the Bank of Canada, I think value-focused investors are right to ease a toe back into the equity waters before the last round of bargains has a chance to disappear.

Not to discount to the possibility of another post-rally slump, but I think many cash-heavy TFSA (Tax-Free Savings Account) investors are underestimating the risk of missing out on upside. Remember, with inflation above 8%, cash will take a hit. As such, TFSA investors should weigh the upside (risk of missing out on gains) and downside risks.

In this piece, we'll look at two stocks that I still look to have a solid value proposition, even after the recent uptick in markets.

TC Energy

TC Energy (TSX:TRP)(NYSE:TRP) is a well-run pipeline company with geographically diversified exposure. Amid the market's recovery, shares have slipped under their own footing, plunging more than 15% off 52-week highs. At around $65 per share, TRP stock looks like a great pick-up while its yield is slightly higher. The 5.5% dividend yield isn't just safe, it's well positioned to grow over the next few years. With an intriguing new deal that could see many new projects in Mexico get the green light, the firm is well on its way to increasing its cash flows with time.

Though the Mexican projects will not be cheap, such assets will be major cash cows for many decades to come. The recent agreement entails 30 years' worth of service. The Mexican region has a strong appetite for natural gas and LNG (liquefied natural gas). And TC has a front-row seat to the next-level growth to be had.

Simply put, TC's long-term growth will pay major dividends! At 10.8 times price-to-cash-flow (P/CF) —

well below the industry average of 12.0 times — the stock is looking way too cheap to pass up.

Canadian Natural Resources

Speaking of cash cows, **Canadian Natural Resources** (TSX:CNQ)(NYSE:CNQ) finds itself with a load of free cash flow, thanks in part to the energy industry windfall. Now, oil prices may not stay above US$90 per barrel forever. Regardless, the company seems more than well positioned to continue making the most of its free cash flow surge, with strategic investments that could improve upon operational performance over time.

Canadian Natural is the new king of the Albertan oil patch, with its $77.2 billion market cap. And while the tides are still in the firm's favour, TFSA investors should expect more incredible results to come. The firm's latest quarter saw a 125% profit surge. Though such strength could pave the way for muted growth moving forward, I think it's a mistake to discount the firm's capital return capabilities.

The 4.2% dividend yield is bountiful, but it looks positioned to grow at an above-average rate over time. With a 7.47 times price-to-earnings multiple, I view CNQ stock as a bargain, not a value trap!

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