



Building a TFSA? 3 of the Best Canadian Stocks to Buy Now

Description

Taking advantage of the tax-free nature of a [Tax-Free Savings Account \(TFSA\)](#), and building a stock portfolio is crucial to becoming financially free. It's all about finding Canadian stocks that you can buy and hold for years and investing in them when they offer the most value.

Because we all have different financial situations, naturally, everyone will grow their TFSAs and contribute savings at a different pace. However, the sooner you can invest your money and begin to [compound](#) it, the higher your potential gains will be.

Having the opportunity to grow your money for years and not have to pay any taxes allows your capital to compound much more quickly and significantly, which is a massive advantage.

If you've got cash to invest in your TFSA today, here are three of the best Canadian stocks to buy now.

A top energy stock to buy while it's still cheap

The majority of energy stocks have seen rallies this year, including **Ovintiv** ([TSX:OVV](#))([NYSE:OVV](#)). However, with that being said, Ovintiv still trades well undervalued, making it one of the best Canadian stocks to buy now.

The stock is a massive producer with high-quality assets both north and south of the border. Furthermore, Ovintiv has an attractive balance of production with a nearly 50% split between liquids and gas, which helps to reduce risk.

Plus, besides its track record of strong operational performance, and the fact that it's undervalued, Ovintiv also has growth potential and has begun exploring liquified natural gas (LNG) opportunities on both the west and gulf coasts.

In addition, with the stock expected to grow its [free cash flow](#) (FCF) by over 60% this year and another 35% next year, it currently trades at a forward FCF yield of more than 26%, offering incredible value. If you're looking for some of the best Canadian stocks to buy now, I'd certainly consider Ovintiv.

Green energy companies are some of the best Canadian stocks to buy now

In addition to energy stocks which are experiencing significant tailwinds today, green energy is another industry where you can find some of the best Canadian stocks to buy, such as **Brookfield Renewable Partners** ([TSX:BEP.UN](#))([NYSE:BEP](#)).

First and foremost, green energy generators have highly reliable businesses and typically earn strong and consistent cash flow, making them top stocks to buy in this environment.

Furthermore, though, the growth potential that these stocks have will extend for decades, as the world continues to shift to cleaner energy and reduce the impacts of climate change.

This creates significant opportunities for all renewable energy stocks, but particularly Brookfield, which is known as a high-quality, long-term growth stock.

In fact, Brookfield regularly targets deploying between \$1 billion and \$1.2 billion of capital each year. Furthermore, it aims to increase the distribution by 5-9% each year while also earning 12-15% annual returns for investors over the long haul.

So, while Brookfield has pulled back from its 52-week high, it's one of the best Canadian stocks to buy for your TFSA.

A top defensive stock to buy now

Last on the list to consider is a high-quality defensive stock that's recently pulled back from its highs. **North West Company** ([TSX:NWC](#)) owns grocery stores and supermarkets, mostly in northern Canada and Alaska, operating in remote regions.

This is a business that offers a tonne of resiliency since many of the goods it sells are food and other household essentials.

With that being said, though, North West stock has struggled this year; it previously had two consecutive years where its business operations and stock price were positively impacted by the pandemic, since its stores continued to remain open during shutdowns due to their essential nature.

The stock has declined this year only because its business is normalizing. Going forward, it likely won't have the same level of sales to compare against from last year, so the stock price should eventually start to recover. Furthermore, because it's fallen so much in price throughout the year, North West now offers much less downside risk, as it currently trades at a forward [price-to-earnings ratio](#) of just 13.1 times. Not only that, but its dividend, which is ultra-safe and has a payout ratio of just 54%, offers an

attractive yield of 4.6%.

So, if you're looking to add reliable defensive stocks to your TFSA, North West is one of the best to buy now.

CATEGORY

1. Investing

TICKERS GLOBAL

1. NYSE:BEP (Brookfield Renewable Partners L.P.)
2. NYSE:OVV (Ovintiv Inc.)
3. TSX:BEP.UN (Brookfield Renewable Partners L.P.)
4. TSX:NWC (The North West Company Inc.)
5. TSX:OVV (Ovintiv Inc.)

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