



## TFSA Investors: 2 Top Stocks to Buy in December and Hold Forever

### Description

December is a time for holidays and the last chance to make your bets for 2022. It's also time for the annual review of your portfolio to evaluate which stocks did well and which didn't. Like Santa's list of good and bad kids, you can make a list of good and bad stocks and restructure your portfolio accordingly. Before the market recovers, buy some growth and dividend stocks at dirt-cheap prices and hold them in your Tax-Free Savings Account (TFSA).

### One energy stock to buy in December

December is seasonally high for gas stocks as electricity demand increases in winter. But [renewable energy stocks](#) are closer to their pandemic lows. Reducing carbon emissions is becoming critical with every passing day. Oil and gas companies are not increasing their capital spending, but electricity demand is growing with the onset of the digital and electric vehicle (EV) revolution. Renewable energy is the future of the energy industry and can pay dividends for decades.

**TransAlta Renewables** ([TSX:RNW](#)) stock has fallen more than 20% since August as aggressive interest rate hikes pushed many TSX shares into a [bear market](#). The company earns cash flow by selling electricity generated from its wind energy plants. It has been enjoying stable cash flows and growing revenues. However, extended outages at Kent Hills 1 and 2 wind facilities reduced its overall output and cash flows. But the addition of the Windrise wind facility partially offset the decline in electricity output.

The company has \$800 million in liquidity and sufficient cash flow to continue paying its monthly dividend of \$0.0783 per share. The 2022 stock price dip has inflated the dividend yield to 6.6%. As the company adds new generation capacity, it will grow its dividends. A \$500 investment could buy you 35 shares of TransAlta Renewables and pay you \$33 in annual dividends. Assuming the company maintains the current dividend rate for the long term, dividends alone would give you \$500 in 15 years.

But the stock market is dynamic, and buying the dip enhances your returns. TransAlta's share price surged more than 50% in 2019 and another 50% between March 2020 and March 2021. The stock

could surge 28% when its output normalizes. RNW could see more such jumps as North America and Europe make policy-level changes favouring renewable energy.

## One mid-cap stock to buy for the holidays

**goeasy** ([TSX:GSY](#)) stock slipped 30% this year as interest rates surged. When interest rates rise, borrowing becomes expensive, and people avoid taking loans. But that was not the case with goeasy. The lender's loan originations surged 47%, driven by healthy demand across all segments. Moreover, its [third-quarter](#) loan loss provision (the percentage of its total loans it does not expect to receive) decreased slightly to 7.58% from 7.68% in the previous quarter.

Higher loan origination means higher revenue from processing fees and interest. goeasy improved its overall business structure by enhancing its customers' credit scores. It can grow gradually over the long term if it can manage its credit risk. Now is the time to buy the stock and lock in a growth rally. GSY stock has tripled in five years, and it can continue this growth momentum as non-prime lenders reach out to goeasy for short-duration loans.

A \$1,000 investment can buy you eight stocks of goeasy. This stock also pays a 3% dividend yield and delivers double-digit growth.

## Investor takeaway

Even in recessionary times, you won't stop using electricity or taking out loans. The above two stocks enjoy long-term demand in all economic cycles. Their challenge is to address this demand efficiently while enhancing their profits. So far, the two companies have generated positive and sustainable cash flows without dividend cuts. This stability makes the two stocks a buy-and-hold forever.

### CATEGORY

1. Investing
2. Stocks for Beginners

### TICKERS GLOBAL

1. TSX:GSY (goeasy Ltd.)
2. TSX:RNW (TransAlta Renewables)

### PARTNER-FEEDS

1. Business Insider
2. Flipboard
3. Koyfin
4. Msn
5. Newscred
6. Quote Media
7. Sharewise
8. Smart News
9. Yahoo CA

## PP NOTIFY USER

1. cleona
2. pujatayal

## Category

1. Investing
2. Stocks for Beginners

## Date

2025/07/19

## Date Created

2022/11/30

## Author

pujatayal

default watermark

default watermark