New TFSA Investors: 4 Top Canadian Stocks to Buy for 2023

Description

If you are new to investing in Canadian stocks and want to maximize your long-term investment returns, you need to consider using your Tax-Free Savings Account (TFSA).

The TFSA is the only Canada Revenue Agency (CRA) registered account where any income earned inside the account is completely tax free, even when you withdraw.

Canadian investors who were 18 years or older in 2009 will be able to contribute a grand total of $88,000 into their TFSA in 2023. If you want to start investing tax free, here's a diversified four-stock portfolio I'd consider owning today.

A top Canadian income stock

Brookfield Infrastructure Partners (TSX:BIP.UN) is a one-of-a-kind stock. There is simply no other utility out there like it. BIP owns everything from utilities to ports to pipelines to cell towers. Its business earns an economically resilient stream of cash flows that is largely hedged against inflation.

Year to date, BIP has grown funds from operation (FFO) per unit (its core profitability metric) by 12.4% to $1.99. Despite that, this Canadian stock is down 8.8% this year.

Right now, it pays a nice 4.1% dividend yield. It only trades for 11.7 times FFO, which is lower than its five-year average of 13.3. BIP has a great history of consistently growing its dividend. It has a great growth profile, and the growing stream of dividends is a bonus for long-term Canadian stock investors.

A Canadian value stock

If you are looking for a combination of value and income, **Canadian Natural Resources** (TSX:CNQ) is an interesting bet. Energy has been one of the only sectors that has actually delivered shareholders a big profit in 2022. Given the supply/demand dynamics at present, it is possible that energy prices could remain elevated for some time.

That will be a bonus for CNQ. It can produce oil and gas for less than US$30 per barrel. Anything above that is just gravy, which is largely being returned to shareholders. CNQ raised its dividend twice in 2022 and it also paid a special $1.50 per share dividend.

With a price-to-earnings (P/E) ratio of only seven, you get decades of reserves and the best energy production platform in Canada. And don't forget, this Canadian stock yields a 4.5% dividend right now.

Two TSX growth stocks

If you have a long time horizon to compound your capital, **Aritzia** (TSX:ATZ) and **Calian Group** (TSX:CGY) are two stocks that could be a good fit for a TFSA.

Aritzia is a mid- to high-end women's clothing retailer. It has been making fast strides in Canada and the United States. In 2022, it grew revenues and earnings per share by 74% and 565%, respectively!

The company has a huge opportunity to expand in the U.S. and has been earning very high paybacks on new boutiques. With a smart management team and a cash-rich balance sheet, Aritzia has the fire power to execute a very long-term growth trajectory.

Calian Group is a conglomerate that operates four niche businesses in healthcare, training, specialized technologies, and cybersecurity. This Canadian stock used to be a steady-as-it-goes dividend stock. However, in the past five years, management has refocused on a double-digit growth strategy. So far, it has been very effective and profitable.

Like Aritzia, Calian has a net cash position, so it can afford to keep investing in its businesses and acquire new businesses. Compared to its growth, Calian is a fairly affordable stock, so that makes it an attractive buy right now.

CATEGORY

1. Investing
2. Stocks for Beginners

TICKERS GLOBAL

1. TSX:ATZ (Aritzia Inc.)
2. TSX:BIP.UN (Brookfield Infrastructure Partners L.P.)
3. TSX:CGY (Calian Group Ltd.)
4. TSX:CNQ (Canadian Natural Resources Limited)

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