



2 Stocks to Own in an Uncertain Trade Environment

Description

Trade negotiations between the United States and the rest of the world are having an impact on investor sentiment in global markets.

Stocks in the U.S. are hitting new all-time highs on a regular basis, and Canada is holding up well. Overseas, however, emerging markets are reeling due to currency routs triggered by capital flight to the U.S. dollar and concerns that US\$200 billion in tariffs are about to hit China.

Contagion has happened in the past, and investors should start to consider positioning their [portfolios](#) for some bumpy times.

Let's take a look at two Canadian stocks that might be interesting picks in the current environment.

Waste Connections ([TSX:WCN](#))([NYSE:WCN](#))

Waste Connections provides solid waste services to businesses and residential customers. The company collects, transfers, and recycles garbage in five Canadian provinces and 39 U.S. states. Waste Connections also operates specialty services for the energy sector through its R360 Environmental Solutions subsidiary.

The company has grown through a series of strategic acquisitions, and that trend is expected to continue, as the waste market consolidates and Waste Connections see accretive benefits from new deals.

In Q2 2018, Waste Connections generated higher-than-expected revenue of \$1.24 billion. Adjusted net income rose 18.2% compared to the same period last year, hitting \$172.3 million. For the first half of 2018, adjusted free cash flow came in at \$472.7 million, representing a 19.9% improvement over 2017.

Heading into 2019, the CEO is anticipating above-average revenue growth and margin expansion, driven by ongoing improvements in solid waste pricing and contributions from acquisitions.

Waste Connections pays a quarterly cash dividend of US\$0.14 per share for a yield of 0.7%. Investors

should see the payout increase, given the strong cash flow generation and the optimistic outlook for the sector.

Waste Connections also returns cash to shareholders through its stock-buyback program. In August, the company renewed its normal course issuer bid, enabling Waste Connections to repurchase up to 5% of the outstanding common stock through the end of July 2019.

Telus ([TSX:T](#))([NYSE:TU](#))

Telus is Canada's fastest-growing national communications company and has a little-known health division that could set it apart from its peers in the coming years.

What's the scoop?

Telus decided to take a pass on the media sector and has instead invested heavily in its Telus Health initiative, betting that huge opportunities lie in the disruption of the Canadian healthcare sector. Telus is currently the country's leading provider of digital health solutions for hospital, doctors, and insurance companies.

It has also made a big investment in private healthcare clinics, tapping the growing demand from companies and wealthy families for high-quality and expedient healthcare. Telus Health remains a small part of the overall picture but has the potential to be a significant driver of growth.

The mobile, internet, and TV side of the business is generating solid results, supported by network upgrades and the company's commitment to providing industry-leading customer service. Telus has a strong track record of dividend growth, and that should continue. The current payout provides a [yield](#) of 4.3%.

Global markets might go into a tailspin and the economy could hit a rough patch, but Telus should be relatively recession resistant. People will cut a lot of other expenses before they give up their mobile phone, internet service, or TV subscription.

The bottom line

Waste Connections and Telus should be solid defensive picks for your portfolio in these uncertain times.

CATEGORY

1. Dividend Stocks
2. Investing

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2. NYSE:WCN (Waste Connections)
3. TSX:T (TELUS)
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