



2 Top TSX Stocks to Buy Instead of Air Canada (TSX:AC)

Description

Canadian investors have witnessed record-setting levels of volatility this year. The COVID-19 pandemic is largely responsible for these dramatic market swings.

At one point this year, the **S&P/TSX Composite Index** dropped more than 35% in just over one month. The market has since rebounded with an incredible run of 35% since the last week of March.

Unsurprisingly, travel-related stocks have been hit extremely hard during this pandemic. **Air Canada** has garnered lots of attention among investors, as the stock price recently dropped as low as \$12.

I think that Air Canada will rebound in the future, but there are too many uncertainties in both the individual business and the travel industry for me to invest in Air Canada today.

Here are two other TSX stocks that I would prefer to buy over Air Canada today.

Fortis

Perhaps less existing than an airline stock, this utility provider has plenty to offer a long-term investor.

Fortis ([TSX:FTS](#))([NYSE:FTS](#)) is one of the [largest utility providers](#) in the country. The \$25 billion company also serves more than three million customers spread across Canada, the U.S., and the Caribbean.

The company is one of the top defensive stocks on the TSX due to the importance of its product offering. Consumers will continue to require services from Fortis whether there is a pandemic or not. As a result of the essential nature of the product, Fortis shareholders should not expect to see a significant drop in revenue during this pandemic versus many other TSX stocks that will largely be impacted.

Even though Fortis is considered a top defensive stock, the company has consistently outperformed the Canadian market over the past decade. Fortis has largely outperformed the broader Canadian market in the past year, five-year period, and 10-year period.

In addition to the defensiveness and reliability that Fortis stock can bring to an investor's portfolio, the stock also pays a very generous dividend.

At today's stock price, the annual dividend of \$1.91 is equal to a yield of roughly 3.6%. Due to the fact that the company's revenue is relatively predictable, investors can remain confident that this dividend will continue to be paid out, even if the market worsens.

Lightspeed POS

This growth stock is a perfect company to pair with a top defensive stock like Fortis.

Contrary to Fortis, **Lightspeed POS** ([TSX:LSPD](#)) has been significantly impacted by the COVID-19 pandemic. The company's clients consist of mainly small- to medium-sized businesses, many of which are brick-and-mortar retailers and restaurants.

Lightspeed is often compared to the much larger American POS company, **Square**. Square also began primarily as a POS services provider but has since grown its product offering into so much more than that.

Lightspeed is still largely known as a POS provider across Canada, but the company has followed a similar route as Square over the past few years. The company now offers support to customers through inventory management, staffing, data analytics, and digital marketing.

Also contrary to Fortis, Lightspeed is still a long way away from paying out a dividend to shareholders. The tech company is re-investing aggressively in the business to continue to grow at a high pace.

Investors might not receive the same stability as they would from an investment in Fortis, but the [potential for long-term gains is substantially higher](#) with Lightspeed.

Foolish bottom line

Fortis and Lightspeed are two very different businesses. But paired together in a Canadian's investment portfolio, the two could work very well together.

There is still plenty of uncertainty surrounding Air Canada and the rest of the travel industry. These are two top TSX stocks that Canadians should consider adding to their portfolios before the market is back to an all-time high.

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2. TSX:FTS (Fortis Inc.)
3. TSX:LSPD (Lightspeed Commerce)

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