



2 TSX Stocks Tailor-Made for Consistent Growth

Description

As the market remains volatile, investors should focus on stocks of the companies that continue to generate consistent growth. Rely on these two TSX stocks for steady growth amid uncertainty.

Canadian National Railway

Canadian National Railway ([TSX:CNR](#)) ([NYSE:CNI](#)) has impressed with its strong financial performances over the past several years, and the company should continue to do well in the coming quarters. Canadian National Railway stock is trading in the green on a year-to-date basis. Moreover, it has outperformed the broader markets, despite challenges from lower volumes on account of COVID-19 outbreak and illegal blockades.

Canadian National Railway is a consistent performer with its revenues increasing at a CAGR of 7% over the last four years. Meanwhile, its net income and free cash flows have grown at a CAGR of 5% and 8%, respectively, over the same period.

The company's well-diversified revenue base and strong track record of accretive acquisitions continue to boost growth. Meanwhile, high barriers to entry and favourable industry trends act as a tailwind.

While COVID-19 pandemic could hurt its near-term volumes, benefits from the addition of TransX and freight rate increases should help in mitigating the losses. Meanwhile, operational efficiencies, low fuel expenses, and a decline in labour costs should continue to cushion its bottom line.

Canadian National Railway is also a perfect stock for [investors seeking safe passive income](#). The company has consistently increased its dividends since it listed on the exchange in 1995. Meanwhile, its dividends have grown at a CAGR of 16%, which is commendable. Besides, the company is maintaining the previously announced 7% increase in dividends for 2020. Investors should note that Canadian National Railway's dividends are safe. Its adjusted payout ratio stands at around 36%, which is sustainable in the long run.

Canadian National Railway's diversified portfolio, solid customer base, operational efficiencies, and consistent profitability and free cash flow growth provide an underpinning for further upside in its stock. Meanwhile, the reopening of the economy should support Canadian National Railway's growth further.

Algonquin Power & Utilities

Algonquin Power & Utilities ([TSX:AQN](#))([NYSE:AQN](#)) is another stock investors should own for consistent growth and income. Algonquin Power & Utilities stock is up about 5.6% so far this year, thanks to its diversified utility assets. The company's rate-regulated utility business generates predictable and steady cash flows. Meanwhile, its renewables division is backed by power-purchase agreements.

Algonquin Power & Utilities impressed with its financial performance in the most recent quarter. While its revenues fell slightly, its profitability and funds from operations continued to grow. The company's ability to drive its earnings and cash flows continue to support its higher payouts.

Investors should note that Algonquin Power & Utilities is a Dividend Aristocrat and has raised its dividends in the last 10 years in a row. In the previous quarter, Algonquin Power & Utilities announced a 10% increase in its dividend. Currently, Algonquin Power & Utilities stock offers a solid dividend yield of 4.5%.

CATEGORY

1. Coronavirus
2. Dividend Stocks
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