3 Top TSX Stocks for New Investors to Buy Today

Description

Some of the best TSX stocks to add to a portfolio are strongly defensive. Choosing from the best such names while using some technical analysis for guidance can help shield a portfolio from “emotional investing.” Today let’s review some of the strongest names for new investors.

Get defensive to beat the market

The market is still facing the same stressors that abounded during the March selloff. In fact, things are worse. The job market has deteriorated since then. Fiscal stimuli will likely dry up before the rollout of a vaccine makes fully reopening a safe option. Indeed, it’s arguable that the cessation of North American stimulus measures could trigger another crash.

The risk to the markets from an imploding global economy should not be underestimated. Businesses have been going bankrupt, and a cheap credit bubble is being inflated. Loans could turn toxic and weigh on the biggest banks. Indeed, the next round of earnings reports from the Big Five is likely to be somewhat bleak, to say the least.

New investors should look ahead and buy resilient names. Waste management businesses tick some boxes here. While **Waste Connections** might not be the best value for money, its business is well established and classically defensive. This makes it a reliable, wide-moat play for long-term investors seeking passive income from all-weather sectors.

What makes Waste Connections such a rare stock? In a nutshell, this is a rewarding dividend pick in a defensive industry. A 0.8% dividend might not be one for rich yield hunters. However, less than a third of Waste Connections earnings go on its dividend. This means that payments are both well covered and liable to grow over the years.

Franco-Nevada has seen strong share price appreciation in the last 12 months, up by an impressive 73%. Earnings have grown by around 30% in the last 12 months. Going forward, growth is likely to top this over the next few years, with a 35% forecast growth on the cards. A 0.74% dividend yield lags even Waste Connections. However, with a payout ratio of 39% forecast by 2023, Franco-Nevada’s distribution should at least be similar well covered.

Diversify stocks to reduce overexposure

Telus (TSX:T)(NYSE:TU) is a wide-moat play in the competitive but well-defined Canadian telcos space. Ranking favourably alongside **BCE** and **Rogers Communications**, Telus commands a third of the market share. The main feature of Telus that may appeal to new investors, though, is its pure-play status. This is a stock devoid of the media bells and whistles that characterize its competitors.

As such, Telus's dividend, currently yielding 5.2%, is rather more insulated against challenges to the content streaming hegemony. Having lost just 5% in the last 12 months, Telus is stubbornly resilient to the destructive market forces that have crushed other sectors. Even within its sector, Telus is performing strongly. Compare that 5% dip with Rogers Communications's 21% year-on-year losses, for instance.

By mixing a world-class communications business with gold and waste management, new investors can build a portfolio on defensive passive income. This is a diversified mix of sectors, which further spreads the risk in a new stock portfolio.

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