Chuck the Market Crash Gab and Sit Tight With These 3 TSX Stocks

Description

Long-term investors should focus on businesses' long-term growth prospects and not on what dominates in the near term. The coronavirus pandemic will likely not be around in three or five years, but a high-quality business will continue to generate wealth for its shareholders for years.

So, the point is, market crashes come and go. Businesses with competitive advantages and solid financials weather the crisis and flourish in the subsequent economic expansion.

Let's take a look at three top TSX stocks that offer stability and solid long-term growth potential.

Do not overlook energy: Bet on midstream TSX stocks

Energy markets have been brutally volatile for the last few years and have significantly underperformed. So, should investors completely avoid them? No!

Energy is one of the important sectors in the broader Canadian economy. Even if batteries and electric vehicles are gaining ground, oil and gas will not disappear totally.

Investors can consider energy midstream giant **TC Energy** (TSX:TRP)(NYSE:TRP). Its earnings are not vulnerable to volatile oil and gas prices. Thus, TRP stock has significantly outperformed energy giants over the longer term.

Apart from the oil pipelines and midstream infrastructure, the company also operates in power generation. It generates stable cash flows that enable steady dividends, unlike oil-producing companies.

TRP stock yields almost 5% at the moment, higher than TSX stocks on average. Notably, it has increased dividends for the last 20 consecutive years.

What makes TC Energy stronger in the current environment is its discounted valuation. Even if the market crashes, its stable business model and handsome dividend will make it stand tall among peers.

A restaurant company with a vital competitive advantage

Restaurant Brands International (TSX:QSR)(NYSE:QSR) was one of the hardest-hit companies amid the pandemic. However, its second-quarter earnings suggest that it is much well placed to weather the crisis. It exceeded expectations on both revenues as well as on the earnings front in Q2.

For the quarter, mainly dominated by the lockdowns, Restaurant Brands reported a net income of $154 million, a decline of more than 50% year over year. This was better than estimates, mainly due to improved performance from Popeyes and the drive-thrus.

Restaurant Brands's quick adaptability to changing consumer behaviour will play a big role in its recovery. Though QSR stock trended lower after its Q2 earnings, its long-term growth prospects remain strong.

Its wide presence across the globe and the value proposition offered by it will likely go a long way.

Restaurant Brands stock currently yields 3.6%, in line with the broader markets. It started paying dividends in 2015 and has displayed superior dividend growth over the years.

Look for dividends and earnings stability

Utility stocks are the best investments amid broad market uncertainties. Investors can consider top utility stock **Fortis** (TSX:FTS)(NYSE:FTS) in the current market scenario.

It yields 3.6% at the moment, which is lower than peers. Although it yields low, it has outperformed peers over the longer term, driven by its relatively superior earnings growth. Fortis has increased its dividends for the last 46 consecutive years.

Utilities generate stable cash flows, which enable steadier shareholder payouts. Fortis's recently released second-quarter earnings underline this.

While almost all businesses are reporting gloomy numbers for the quarter, Fortis posted decent growth with both revenues and income against Q2 2019.

Stocks like Fortis will likely outperform in economic downturns due to their stable dividends and less correlation with the broader markets.

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