



2 TSX Stocks to Buy and Hold for the Upcoming Decade

Description

When the markets are volatile, it is best to look for safe harbours. This generally translates into boring businesses that have a steady revenue source and, on occasion, a good dividend as well. While these stocks may not generate the same level of excitement as certain tech companies, they are great to help you ride out a storm.

Hydro One ([TSX:H](#)) is a stock that [I told investors to buy](#) in November 2019. I said that this stock is a must-have during a slowdown. Of course, while I didn't expect the slowdown to be because of a pandemic, the company has stood its course.

The company is the largest utility service in Ontario, supplying electricity to around 26% of the region's customers. It is part of one of the most stable businesses in the country and owns almost all of Ontario's transmission lines. Hydro One reported revenues of \$1.67 billion for Q2 of 2020 compared to \$1.4 billion in 2019.

Hydro One expected to grow revenues by 5% in the pre-pandemic era. While the growth rate might slow just a little, the company's operational efficiency will ensure that it delivers a good return on investment. Hydro One has generated positive returns every year since 2015 (its debut on the TSX).

The company's productivity savings plan yielded \$86 million in savings for the second quarter, up 61.7% from 2019. Hydro One has a dividend yield of 3.66%, which will ensure a stable income for the upcoming decade.

A real estate play on the TSX

The mid-market residential real estate rent segment is a good space to be in, especially if you follow a business model like **Mainstreet Equity** ([TSX:MEQ](#)). The company acquires apartments, fixes them, and then rents them out. After the renovations, Mainstreet refinances the property and then uses the funds to buy and restore new properties. From a portfolio of 272 units in 2000 to over 13,000 units in 2020, the company has come a long way.

MEQ reported its numbers for the third quarter ended July 31, 2020, recently, and its revenues grew by 8% compared to the same period in 2019. Net operating income and funds from operations grew by 10% and 17%, respectively. The company collected 98% and 97% of rents in June and July, respectively.

A major challenge for Mainstreet will be that the Canada Emergency Response Benefit (CERB) program will wind up by September. This could lead to higher bad debts, which means the impressive rent-collection figures may go down. Another worry is the reduction of students and immigrants entering the country due to the pandemic, which might be a short-term headwind.

However, the plus side to this is that the pandemic had lowered the cost of acquisitions of new properties as well as the cost of debt. [I had recommended a buy](#) on Mainstreet when it was trading at \$68 on June 30. Today, it is at \$78, and I think its business model will ensure it will meet the \$91 target that analysts expect it to hit.

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