Wherever the Market Goes, I'm Buying These Top TSX Stocks

Description

The year 2020 is unarguably one of the most eventful years in decades. The end of the epic bull run due to the pandemic, oil market crash, and now U.S. presidential elections, all have just fueled the volatility in broader markets. Not only beginners but even seasoned market participants also have been severely burned due to large swings of TSX stocks this year. However, volatility also brings opportunities for long-term investors. They can sit tight with high-quality, dividend-paying stocks for decades, no matter how rough markets can get.

Toronto-Dominion Bank

Toronto-Dominion Bank (TSX:TD)(NYSE:TD) is the country's one of the biggest banks and has been around for centuries. It has seen several crises in the past and has only emerged stronger after each one. Its long dividend history of 164 consecutive years speaks for itself. Toronto-Dominion Bank yields 5.1%, higher than TSX stocks at large.

In the fiscal third quarter of 2020, TD Bank reported an adjusted net income of $2.3 billion, a decline from $3 billion in Q3 2019. Provision for credit losses surged to $2.1 billion, which was one of the highest among peer banks and might concern investors.

The economic recovery in Canada has been quite uneven in the last six months. the pandemic's second wave could reverse the trend and further delay the recovery. Canadian bank stocks might feel the pressure in the short term.

However, Toronto-Dominion Bank seems relatively well placed because of its expanded revenue base and high credit quality. Its operations in the U.S., which are growing at a superior rate, could provide a significant boost in the post-pandemic environment. Its wealth management and insurance business should also support strong growth.

Enbridge

Almost all companies withdrew earnings guidance for 2020 amid the pandemic-driven uncertainties. However, **Enbridge** (TSX:ENB)(NYSE:ENB) was an exception. The energy infrastructure company reaffirmed its earnings guidance for 2020. That should be highly comforting for investors, mainly because of its low-risk business that offers earnings visibility and stability.

A $78 billion Enbridge operates the largest oil and gas pipeline network in North America. It transports 25% of the oil and 20% of the total natural gas needs of North America. Its large pipeline network is non-replicable and acts as a high barrier for new entrants.

Though it has relatively lower exposure to oil and gas prices, Enbridge is not completely immune to volatile energy prices. Enbridge has lost almost 30% so far in 2020. The stock looks attractive from the valuation standpoint after its months-long weakness.

Enbridge stock yields 8.4% at the moment, one of the highest among Canadian giants. Enbridge's dividend stability will be highly calming for investors in these uncertain markets.

Bottom line

Notably, both the above stocks are not immune to short-term stress. However, what's important right now is their dividends and long-term stability. Their long-term track record and discounted valuation is another plus. In the post-pandemic environment, let's say five years from now, stocks like Enbridge and Toronto-Dominion Bank will likely be sitting at all-time highs, along with those superior yields.

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