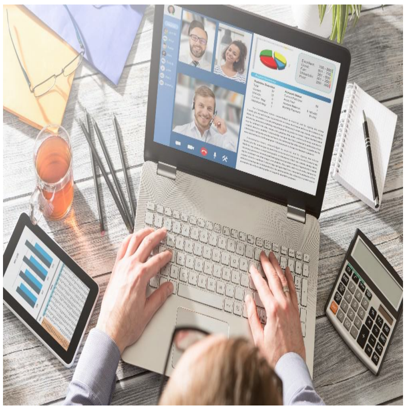

3 Safe TSX Stocks to Buy Amid an Uncertain Outlook

Description

Although the vaccine's effectiveness in preventing the spread of the COVID-19 has been promising, the widespread distribution could be challenging. Further, the new coronavirus strain identified in the United Kingdom has been spreading at a 70% faster rate, prompting many European countries to impose travel restrictions. These restrictions could slow down the economic recovery rate, leading to a deep correction in equity markets.

So, amid an uncertain outlook, here are three safe **TSX** stocks worth adding to stabilize your portfolio.

Fortis

First on my list is an electric and gas utility company, **Fortis** (TSX:FTS)(NYSE:FTS), which earns 99% of its earnings from regulated utility assets, delivering predictable earnings and stable cash flows. Meanwhile, the company continues to invest in expanding its rate base to support its earnings growth. It has planned to invest $19.6 billion over the next five years to increase its base rate to $40.3 billion at a compound annual growth rate (CAGR) of 6%.

The strong cash flows have allowed Fortis to raise its dividends for the previous 47 consecutive years. In September, the company had increased its quarterly dividends by 5.8% to $0.505 per share, representing a dividend yield of 3.85%.

Meanwhile, the management has planned to increase its dividends by 6% annually for the next five years. So, given its recession-proof business model, stable cash flows, and healthy growth prospects, I believe Fortis could be a good buy in this uncertain outlook.

TransAlta Renewables

TransAlta Renewables (TSX:RNW) operates various power-generation facilities, with 57% of its cash flows generated from renewable energy sources. Meanwhile, the company generates 2,537 megawatts of power, which it sells through long-term contracts, thus insulating its financials from price and volume fluctuations. Despite the weak broader equity markets, the company has returned around 24% this year.

TransAlta Renewables has a strong pipeline of projects, with its investments accounting for around $890 million to $960 million. Meanwhile, the victory of Joe Biden in the United States presidential elections has further boosted its growth prospects.

Biden, a proponent of clean energy, had announced a $2 trillion plan to boost investments into renewable energy during his election campaign, which also included shutting down all power plants in the United States by 2035.

Besides, the company pays monthly dividends. It pays monthly dividends of $0.07833 per share, with an annualized payout of $0.94 and a dividend yield of 4.9%.

BCE

The telecommunication sector is highly defensive, given the necessity of its service in this digitally connected world. So, I have chosen **BCE** (TSX:BCE)(NYSE:BCE), the largest telecommunications company in Canada, as my third pick.

Despite the pandemic's impact, the company has added 128,168 wireless customers and 81,696 wireline broadband connections in its September-ending quarter. It also generated $2.1 billion of cash from its operating activities and free cash flows of $1.03 billion. Further, its financial position looks healthy, with a $5.2 billion liquidity as of September 30.

Meanwhile, BCE is looking at expanding its 5G network and advanced broadband internet services across Canada. With COVID-19 cases rising, the demand for the company's services could increase, as many people would prefer to work from their homes. Besides, BCE's dividend yield of 6% makes it an attractive bet in this uncertain outlook.

CATEGORY

1. Energy Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:BCE (BCE Inc.)
2. NYSE:FTS (Fortis Inc.)
3. TSX:BCE (BCE Inc.)
4. TSX:FTS (Fortis Inc.)
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