Got $1,000? 3 Top TSX Stocks to Buy Right Now

Description

The pandemic and lockdowns dominated last year. But this year belongs to mass vaccinations and the looming economic recovery. **TSX** stocks, too, seem in great shape for a splendid run in 2021. If you are sitting on cash, consider investing for the long term.

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Toronto-Dominion Bank

The country's second-largest **Toronto-Dominion Bank** (TSX:TD)(NYSE:TD) could be a great bet amid the looming economic recovery. The stock recently recouped the ground lost in the pandemic crash last year.

While banks could take longer to achieve full-blown earnings growth, TD Bank stands tall among its peers. Its diversified revenue base south of the border could fuel a relatively faster recovery. Its strong balance sheet and superior credit profile will likely minimize the dent in its 2021 earnings.

TD Bank will release its Q4 2020 earnings on February 25. Its revenue growth and management commentary will be vital for investors and will pave the path for the stock.

TD stock currently yields 4.3%, which is still superior against the TSX stocks on average. But what makes its dividend profile stand out is its long payment history. It has managed consistent growth through multiple crises and recessions and has paid dividends for 164 consecutive years.

TD Bank's stable earnings, scale, and reliable dividends make it an attractive investment proposition for long-term investors.

Hydro One

Investors perceive utility stocks as safe due to their stable earnings and recession-resilient operations. However, **Hydro One** (TSX:H) is an even safer bet and stands tall amid peer utilities.

An $18 billion Hydro One is a transmission and distribution company and is not involved in power generation. This avoids a significant capital outlay and ultimately makes way for a cleaner balance sheet. It also prevents exposure to volatile commodity prices.

Hydro One stock has returned almost 15% in the last 12 months, notably beatings the **TSX Composite Index.** It yields 3.4% at the moment. The utility aims to increase its dividends by 5% per year — far higher than inflation.

Investors generally focus too much on growth stocks and too little on defensives. However, investors should note that utility stocks like Hydro One could act as a solid hedge against market downturns. Their stable dividend payments and slow-stock movements can outperform broader markets in the long term.

TC Energy

My third pick is another handsome dividend-payer stock **TC Energy** (TSX:TRP)(NYSE:TRP). It yields 6% at the moment and aims to consistently grow shareholder payouts in the future.

Even though TC Energy's milestone Keystone XL project is cancelled, its earnings are likely to take a little impact. It generates stable cash flows from fixed-fee, long-term contracts and has insignificant exposure to volatile oil prices.

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Apart from energy pipelines, TC Energy is also involved in power generation. That's why it generates steady cash flows that facilitate stable dividends, unlike other energy companies.

Bottom line

These three TSX stocks offer stable dividend profiles and decent growth prospects. If you are sitting on excess cash, consider investing in these stocks for the long term.

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2. NYSE:TRP (Tc Energy)
3. TSX:H (Hydro One Limited)
4. TSX:TD (The Toronto-Dominion Bank)
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