



3 Top TSX Stocks to Buy Today if You Have \$1,000

Description

Although the **TSX Composite Index** is up more than 60% in the last 12 months, few top TSX stocks are still trading at fair valuations. In other words, you have still not missed the bus. Investing in these names for the long term still makes sense.

AltaGas

High-yield plays are particularly attractive in low-interest-rate environments. The \$6 billion **AltaGas** ([TSX:ALA](#)) is one such TSX stock that yields 5% at the moment, notably higher than the average.

AltaGas is a solid combination of a gas distribution and growth-oriented energy midstream business. This blend offers stable cash flows, which ultimately facilitates stable dividends for shareholders.

AltaGas connects domestic producers and global energy markets with its energy infrastructure for their natural gas and liquids needs. A large portion of its [earnings](#) come from fixed-fee contracts with investment-grade customers.

ALA stock has seen a handsome recovery in the last 12 months, returning more than 80%. The rally is not unusual, as almost all stocks rallied in this period after the pandemic crash last March. What's notable here is that the stock is still fairly valued, despite the steep rally. Investors looking for stable dividend income and reasonable capital gain can consider AltaGas stock for the long term.

Equitable Group

Equitable Group ([TSX:EQB](#)) is my second pick for long-term investors. It operates with a wholly owned subsidiary Equitable Bank, which is Canada's ninth-largest bank by assets.

It serves retail and commercial customers with savings solutions and mortgage lending services. Equitable Bank focuses on niche markets that larger Canadian banks do not usually serve. The bank has seen consistent growth in revenues and earnings in the last few years.

Notably, for the quarter ended December 31, 2020, Equitable Bank reported revenue growth of 12% while its earnings soared by 27% year over year. The bank could continue to see encouraging growth amid the [impending economic recovery](#) and the business activities ramp up.

EQB stock has soared almost 150% in the last 12 months. It is trading at a fair valuation compared to peer banks. At 1.1%, EQB yields much lower than Big Six banks but offers higher capital gain prospects in the long term.

Air Canada

Air Canada ([TSX:AC](#)) stock is up a notable 115% since last year. While the stock looks overvalued after the recent rally, I think it still offers solid growth for patient investors.

Potential government bailout and a stronger position among peers make Air Canada attractive for the long term. Even if the stock faces a pullback in the short term amid valuation concerns, it looks well placed to gain in the post-pandemic environment.

If you plan to hold AC stock for three to five years or more, the pandemic will most likely be gone by then. The flag carrier might be operating at a significantly higher capacity by then as compared to today.

The company has warned that it might not see 2019 profitability levels for at least three years.

Indeed, given the dent on air travel demand and slower vaccinations, it could take years for Air Canada to reach its record profitability levels. However, AC stock could well rally and deliver handsome returns, driven by its large market share and strong balance sheet and with the pandemic's end in sight.

CATEGORY

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TICKERS GLOBAL

1. TSX:AC (Air Canada)
2. TSX:ALA (AltaGas Ltd.)
3. TSX:EQB (EQB)

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