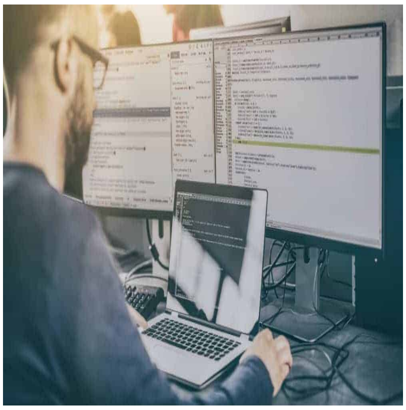

Strengthen Your Portfolio With These 4 Top Canadian Stocks

Description

Although Canadian equity markets have delivered stellar returns this year, the rising inflation and higher valuations are a cause of concern. So, investors could strengthen their portfolios amid these concerns by adding the following four defensive Canadian stocks.

Canadian National Railway

Canadian National Railway (TSX:CNR)(NYSE:CNI) is a leading transportation and logistics company in North America, transporting around $250 billion worth of goods worldwide. Given the essential nature of its underlying business, the company is primarily immune to economic downturns. The demand for the company's services could grow amid the economic expansion and improvement in trade between Canada and the United States.

Further, Canadian National Railway has outbid **CP Rail** to acquire **Kansas City Southern** for US$33.6 billion. However, the deal is yet to receive regulatory approvals. Meanwhile, the acquisition could create an express route that connects the U.S., Mexico, and Canada and boost innovation. In addition, the synergies between the two companies could deliver $1 billion of savings annually. Given its healthy growth prospects and solid underlying business, Canadian National Railway would be an excellent buy right now.

Waste Connection

Waste Connections (TSX:WCN)(NYSE:WCN) collects and transports non-hazardous waste across the United States and Canada. It is also involved in recycling and renewable fuel generation. Given its recession-proof business model, the company's financials are steady across economic cycles.

Waste Connections operates in secondary or exclusive markets, allowing it to maintain its margins.The company will have its disposable sites located within the markets that it operates, thus cuttingdown on its transportation expenses. Along with organic growth, the company also focuses onacquisitions to grow.

Usually, the acquiring company will have to pay a hefty premium, which could impact its profitability. However, Waste Connections has maintained its adjusted EBITDA margin above 30% for the last five years. Moreover, with its liquidity standing at $743 million as of March 31, the company is well positioned to make future strategic acquisitions.

Telus

In this digitized world, telecommunication has become an essential service. The rising remote working and learnings could increase the demand for telecommunication services. So, I have selected **Telus** (TSX:T)(NYSE:TU) as my third pick. Supported by its solid customer base and new customer acquisitions, the company continues to post strong financials. In its recently announced first quarter, its adjusted EBITDA came in at $1.5 billion while generating free cash flows of $321 million.

Telus management plans to invest around $3.5 billion this year to expand its 5G and broadband network across Canada. Along with these investments, the rising demand could boost its financials. Meanwhile, the company's management expects its revenue and adjusted EBITDA to grow by high single digits this year while generating $1.5 billion of free cash flows. The company also pays quarterly dividends, with its forward yield standing at 4.55%.

Kinross Gold

My final pick would be **Kinross Gold** (TSX:K)(NYSE:KGC), a gold-mining company with mines in the United States, Brazil, Mauritania, Russia, Chile, and Ghana. Supported by higher gold prices, the company's stock price has increased by 11.6% this quarter. Despite the rise, the company's valuation looks attractive, with its forward price-to-sales multiple standing at 2.1.

In an inflationary environment, the value of cash goes down. So, investors would find refuge in gold, pushing its prices higher. The rising volatility in the equity markets could also support higher gold prices, benefiting gold-mining companies, such as Kinross Gold. In addition, the company's management expects its production to increase by 20% over the next three years. Meanwhile, its operating expenses could fall amid increased output from its low-cost mines and its cost-cutting initiatives. So, Kinross Gold would be an excellent defensive bet right now.

CATEGORY

1. Investing
2. Metals and Mining Stocks

TICKERS GLOBAL

1. NYSE:CNI (Canadian National Railway Company)
2. NYSE:KGC (Kinross Gold Corporation)

3. NYSE:TU (TELUS)
4. NYSE:WCN (Waste Connections)
5. TSX:CNR (Canadian National Railway Company)
6. TSX:K (Kinross Gold Corporation)
7. TSX:T (TELUS)
8. TSX:WCN (Waste Connections)

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Quote Media
6. Sharewise
7. Yahoo CA

Category

1. Investing
2. Metals and Mining Stocks

Date
2025/08/27
Date Created
2021/06/16
Author
rnanjapla