Best TSX Stocks to Buy When Markets Hit All-Time Highs

Description

The **S&P/TSX Composite Index** has risen almost 50% since the crash last year. Even if markets look well placed and poised for further growth, it is prudent for conservative investors to increase their exposure to stable, dividend-paying TSX stocks.

Those stocks should remain relatively resilient and create a passive-income stream if markets turn weak from here. Here are three top Canadian names that could stand strong in the volatile market.

Fortis

Canada's top utility **Fortis** (TSX:FTS)(NYSE:FTS) is one of the most stable stocks on earth. It has been paying consistently growing dividends for decades. That's because it earns stable revenues in almost all economic situations. Whether it's a recession or an economic expansion, utilities like Fortis earn a specific rate of return on their assets, enabling visibility of cash flows.

Fortis stock yields 3.6% at the moment, close to the TSX stocks' average. Though its yield is not very superior, its 47 years of consecutive dividend increase streak indicates reliability. Notably, the company can continue such consistent dividend growth for years, driven by its large regulated operations and stable earnings.

Stocks like Fortis have a low correlation with broad market indices. So, they outperform in falling markets. Fortis could be a nice defensive stock that generates a decent passive income for your portfolio if markets take an ugly turn from here.

TC Energy

TC Energy (TSX:TRP)(NYSE:TRP) is my second pick to consider in these frothy markets. It is a midstream energy and utility company that could deliver stable shareholder returns in almost all kinds of markets.

It is currently trading at a dividend yield of 5.4%, far higher than average. In addition, it has increased dividends for the last 21 consecutive years.

Energy infrastructure companies earn stable cash flows from their long-term, fixed-fee contracts. Volatile oil and gas prices have little impact on their earnings. That's why TC Energy has managed to create shareholder wealth stably and consistently all these years.

The company continued to increase shareholder payouts last year as well, even though the pandemic badly dented energy markets. Notably, TC Energy will likely keep raising dividends even during unfavourable times due to its strong balance sheet and stable earnings.

Toronto-Dominion Bank

The second-biggest Canadian bank **Toronto-Dominion Bank** (TSX:TD)(NYSE:TD) could also be a smart pick at these times. Though bank stocks generally have a moderate correlation with broader markets, TD stock will likely remain strong if markets turn more volatile.

Canadian banks, including Toronto-Dominion, reported a solid earnings recovery in the last couple of quarters after a deep dent last year. However, TD has a relatively superior credit portfolio and stronger balance sheet compared to its peers. As a result, its scale, strong U.S. presence, and superior earnings growth could drive its stock further higher in the post-pandemic environment.

TD Bank yields 3.6% at the moment, in line with its peers. The stock has returned almost 50% in the last 12 months. It will reward shareholders with higher dividends, probably in the second half of 2021.

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2. NYSE:TD (The Toronto-Dominion Bank)
3. NYSE:TRP (Tc Energy)
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Date
2025/09/03
Date Created
2021/06/22
Author
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