Got $1,000? Buy These 3 Safe Canadian Stocks to Strengthen Your Portfolio

Description

Amid the weak retail sales in China and concerns over the implications of the sudden collapse of the Afghanistan government, the Canadian benchmark index, the **S&P/TSX Composite index**, was trading in red today. So, amid rising volatility, investors can strengthen their portfolios by investing in the following three safe Canadian stocks. These companies operate low-risk businesses that are least impacted by economic cycles, thus generating stable cash flows.

Waste Connections

I have selected **Waste Connections** (TSX:WCN)(NYSE:WCN) as my first pick. It reported a solid second-quarter performance earlier this month. Its top line and adjusted EBITDA grew by 17.5% and 23%, respectively. Favourable solid waste pricing, volume growth, and higher recovered commodity values drove its financials. The company has also made 14 acquisitions this year, which could increase its annual revenue by $115 million.

After posting a substantial second-quarter performance, the company's management also raised its guidance for this year. Now, the management expects its revenue and adjusted EBITDA for this year to come in at US$5.975 billion and US$1.875 billion, respectively. With cash and cash equivalents of $617 million, the company is well equipped to continue its future acquisitions.

Given the essential nature of its business, accretive acquisitions, and strong cash flows, I believe Waste Connections could be an excellent bet in this uncertain environment. The company also pays a quarterly dividend, with its forward dividend yield currently standing at 0.6%.

BCE

The pandemic has hastened digitization, thus driving the demand for faster and reliable internetservice. So, the advent of 5G network would be a significant growth driver for telecommunicationcompanies, including **BCE** (TSX:BCE)(NYSE:BCE). The company has added 115,916 new customersover the last four quarters, boosting its financials.

Meanwhile, the company has increased its capital spending to expand its 5G coverage, fibre, and rural wireless home internet networks. BCE expects to provide 5G service to 70% of the Canadian population by the end of this year. Along with these investments, the improvement in economic activities and the growing remote working and learning culture could drive the company's financials in the coming quarters.

Meanwhile, its financial position also looks healthy, with its liquidity standing at $5.3 billion. So, BCE is well positioned to invest in growth initiatives and also continue paying its dividend at a healthy yield. It currently pays a quarterly dividend of $0.875, with its forward yield standing at 5.47%.

Fortis

My final pick is **Fortis** (TSX:FTS)(NYSE:FTS), which operates 99% of regulated utility assets serving around 3.4 million customers. Given its low-risk business, the company has delivered an average total return of 14% per annum for the previous 20 years, outperforming the broader equity markets. Meanwhile, Fortis generates steady cash flows, thus raising its dividends uninterrupted for 47 last years. Currently, the company pays a quarterly dividend of $0.505, with its forward yield standing at 3.47%.

In the first six months of this year, Fortis has spent $1.7 billion and is on track to make a capital investment of $3.8 billion for this year. Meanwhile, its five-year $19.6 billion capital spending program could increase its rate base at a CAGR of 6% through 2025. The growth in rate base could boost the company's earnings and cash flows. So, amid the expectation of solid cash flows, Fortis's management hopes to raise its dividends at a CAGR of 6% over the next five years. So, I believe Fortis would be an excellent addition to your portfolio.

CATEGORY

1. Dividend Stocks
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TICKERS GLOBAL

1. NYSE:BCE (BCE Inc.)
2. NYSE:FTS (Fortis Inc.)
3. NYSE:WCN (Waste Connections)
4. TSX:BCE (BCE Inc.)
5. TSX:FTS (Fortis Inc.)
6. TSX:WCN (Waste Connections)

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