2 Safe Stocks to Prep Your TFSA for a Market Correction

Description

The **TSX** continues to display remarkable resiliency as investors usher in September. Canada's primary equities benchmark topped 20,660 last week and is likely to post new record highs. However, the noise of a market correction usually gets louder during an extended bull run.

Tax-Free Savings Account (TFSA) users could be on edge because the stock market is unpredictable. If you anticipate a downturn, the best strategy is to prep up your TFSA. Move to safe stocks while you can or before the TSX corrects. **TELUS** (TSX:T)(NYSE:TU) and **Fortis** (TSX:FTS)(NYSE:FTS) are havens for risk-averse investors.

Multiple growth engines

TELUS is the default investment in the telecom space. The $39.96 billion company creates shareholder value non-stop. Apart from the core business segments (wireless and wireline), Canada's second-largest telco can bank on TELUS Health, TELUS Agriculture, and **TELUS International** to drive growth.

While TELUS isn't as old as **BCE**, it has kept pace with the industry giant. It boasts a diverse asset mix, where each one is a growth engine. The Q2 2021 results showed business strength once more. Management reported a 10.3% and 9.2% increase in operating revenues and net income versus Q2 2020.

TELUS EVP and CFO Doug French said, "Our second-quarter results continue to showcase our execution excellence, superior asset mix focused on technology-oriented verticals." President and CEO Darren Entwistle, adds, "Our results are buttressed by our highly differentiated and potent asset mix geared towards high-growth, technology-oriented verticals."

TELUS' senior executives summarized the compelling reasons to invest in the telco stock. The current share price is $29.23, while the dividend yield is 4.35%. Because of growth-oriented investments, including healthcare and agriculture, Doug French is confident that TELUS will achieve its annual financial targets. He estimates consolidated revenue and adjusted EBITDA growth to be 10% and 8%, respectively.

Go-to investment

Fortis is the perennial choice of TFSA investors saving for retirement or building tax-free wealth. This utility stock is also the go-to investment if investors expect the market to go south. While the $27.23 billion regulated electric and gas utility company isn't the highest dividend payer, the payouts are growing.

Furthermore, how can you doubt Fortis' dependability when it has raised dividends for 47 consecutive calendar years? As of August 30, 2021, you can purchase the stock at $57.76 per share, with a corresponding dividend of 3.5%.

With the projected rate base growth to $40.3 billion by 2025, management plans to increase dividends by an average of 6% annually through the same period. For added info, Fortis has returned 5,647.67% (12.78% compound annual growth rate) in the last 33.7 years. Since Fortis derives almost 99% of revenue from regulated assets, it's like investing in bonds.

In Q2 2021, Fortis reported an 8% increase in adjusted net earnings compared to Q2 2020, Despite the continuing threat of the COVID-19 pandemic, management believes it will not have a material financial impact for the rest of 2021. In addition to expanding its electric transmission grid in the U.S., the company will pursue additional opportunities to extend growth.

Be a step ahead

The TSX is on the rise but the Canadian economy is still recovering from the health crisis. Thus, TFSA investors can't be too complacent or dismiss a potential market correction. You can be a step ahead by prepping up your tax-advantaged account. Make TELUS and Fortis your core holdings to calm your fears.

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