2 Top Canadian Stocks Providing Extremely Balanced Long-term Returns

Description

Canadian investors are having a great year. Since the start of 2021, the **S&P/TSX Composite Index** is nearing an impressive gain of 20%. However, investors don't always find it easy to select top-notch Canadian stocks. Here, I have highlighted two top stocks listed on the **Toronto Stock Exchange** that look promising in terms of their potential to deliver well-balanced long-term returns.

Let's dive in.

Top Canadian stocks: Fortis

Over 3.4 million customers across the Caribbean, the U.S., and Canada receive regulated electric and gas utilities from **Fortis** (TSX:FTS)(NYSE:FTS). Indeed, Fortis is one of the highly prolific Canadian dividend stocks of all time, for this reason.

The business model of Fortis is more of a traditional one seen in the utilities sector. The cash flow of this organization is extremely stable. This has allowed Fortis to leverage its low-risk utility assets to deliver growing and predictable cash flows. These growing cash flows have supported larger dividend payouts for quite some time.

Indeed, the real value of this organization is in its long-term dividend growth profile. In fact, Fortis boasts of a 47-year dividend growth streak. This turns out to be Canada's second-longest dividend growth streak, making Fortis a genuine Dividend Aristocrat. Furthermore, Fortis has projected to raise its dividend by around 6% per year for the upcoming few years.

This company's high-quality regulated earnings base, growing rate base, and focus on diversification through investments in renewable power and other infrastructure projects, look to be positive indicators for future growth. Moreover, additional strategic acquisitions could accelerate Fortis's growth trajectory further.

This utilities pick is broadly considered an investor's favourite, especially from those looking for capital protection. It is also a suitable stock for investors looking to build a safe passive income stream that grows each year continuously.

Toronto-Dominion Bank

Among the Canadian stocks many investors flock to are Canada's largest banks. Each of the Big Five banks is trading at highly reasonable valuations. However, these mega-cap behemoths have also managed to post decent growth this year as well.

Toronto-Dominion Bank (TSX:TD)(NYSE:TD), the country's second-largest bank, is among the safest of its peer group. Over the last 20 years, TD has been an exceptional dividend-growth stock in the TSX Index.

Due to the rapid rise in TD's valuation since the onset of the pandemic, the company's yield significantly went down. However, investors are still able to pick up a dividend yield of 3.8% today. Compared to where bond yields are at, that's pretty darn good.

I'm of the view that TD's long-term growth prospects in combination with its excellent yield make for a top-notch balanced long-term holding. This is a company that's a proven winner, and investors would be remiss to ignore TD stock right now.

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2. NYSE:TD (The Toronto-Dominion Bank)
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