3 Top TSX Stocks to Buy Amid the Market Pullback

Description

Broader markets have finally paused a bit from their months-long rally this month. The **TSX Composite Index** is down about 3.5% from the peak, while the **S&P 500** has fallen almost 5%. Although the pullback could get more severe in the next few weeks, long-term investors should not worry about such short-term gyrations. Rather, the dip offers another excellent opportunity to bulk up your quality holdings. Here are three top TSX stocks that could play well amid the impending broad market weakness and could also give decent returns in the long run.

Fortis

Canada's top defensive bet, **Fortis** (TSX:FTS)(NYSE:FTS) seems to have risen to the occasion and has outperformed markets this month so far amid the increased volatility.

Unsurprisingly, investors turn to slow-moving utilities as the volatility in broader markets increases. Not only are utility stocks better at protecting capital, but investors also get to earn low-risk, stable dividends.

Fortis yields 3.5% at the moment. It has increased shareholder dividends for the last 47 consecutive years. Its low-risk, highly regulated business model earns stable revenues, which facilitates stable dividends.

Interestingly, Fortis expects to raise dividends by 6% annually through 2025. Such visibility in uncertain markets should be highly valuable for income-seeking investors.

Utility stocks like Fortis could underperform growth stocks in bull markets, but they stand tall in bearish environments. And that matters a lot in the long term. With stable dividends and decent capital gain, Fortis stock has notably outperformed markets at large in the last decade.

BCE

Similar to Fortis, Canada's top telecom company **BCE** (TSX:BCE)(NYSE:BCE) earns stable cash flows, facilitating stable dividends for shareholders. It has created a robust shareholder wealth over the years with its juicy dividends and decent capital appreciation.

The $58 billion BCE is the country's largest communications company. It generates 52% of its total revenue from broadband and TV services, while 37% comes from wireless services. The rest comes from its media arm, which looks after content creation, digital media, and advertising.

BCE saw a strong comeback in the last few quarters after a notable slowdown during lockdowns last year. Its net income came in at $1.4 billion during the first half of 2021 against $989 million in the same period last year.

BCE will likely see continued stable earnings growth for the next few years, driven by its heavy capital investments for network improvements. This will likely play well to increase its market share in the 5G race.

Enbridge

Top energy midstream stock **Enbridge** (TSX:ENB)(NYSE:ENB) is one of the highest-yielding stocks on the TSX. While waiting for decent growth over the years, you can earn an annual dividend yield of 6.5%. Also, the dividend amount will likely increase, as the company increases its profits.

Enbridge is an energy infrastructure company that generates its earnings from long-term, fixed-fee contracts. Even if oil and gas prices fall, its earnings are relatively stable. And that's why many energy companies trimmed or suspended dividends last year while Enbridge kept on raising its shareholder payouts.

One can expect decent total returns from Enbridge for the next few years. Its unique network of pipelines, scale, and earnings stability make it an attractive bet for long-term investors.

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