3 Safe Canadian Stocks to Buy in a Volatile Environment

Description

Yesterday, the Bank of Canada stated that it could raise interest rates sooner than expected amid rising inflation, which appears to be more prolonged than estimated. The central bank has also announced to end its stimulus program. The announcement seems to have weighed on the Canadian equity markets, with the **S&P/ TSX Composite Index** correcting around 1.5% over the last two days. So, amid the uncertain environment, here are three safe Canadian stocks that you can buy right now.

NorthWest Healthcare

NorthWest Healthcare Properties REIT (TSX:NWH.UN) would be an excellent buy in a volatile environment. The company owns and operates around 190 healthcare facilities spread across seven countries. Given the highly defensive nature of its portfolio, long-term contracts, and government-supported tenants, the company's occupancy and collection rate remain higher irrespective of economic cycles. So, the company's cash flows are primarily stable, thus allowing it to pay dividends at a healthier yield. Meanwhile, its forward yield currently stands at 5.98%.

NorthWest Healthcare also focuses on acquiring strategic assets to drive growth. Currently, it is looking at acquiring Australian Unity Healthcare Property, which owns 62 healthcare facilities with an occupancy rate of 98%. It also has around $1 billion projects under development.

Meanwhile, the company had strengthened its balance sheet by raising around $200 million in June, which could support its growth initiatives. So, given its solid underlying business, inflation-indexed rent, acquisitions, and strong financial positions, I believe NorthWest Healthcare could be less susceptible to market volatilities.

Waste Connections

Second on my list would be **Waste Connections** (TSX:WCN)(NYSE:WCN), an integrated waste services company. Yesterday, the company reported a solid third-quarter performance outperforming analysts' expectations. Its revenue came in at $1.60 billion against analysts' expectations of US$1.57

billion, while its adjusted EPS of US$0.89 beat expectations by $0.04. Its strong execution, favourable pricing, and accretive acquisitions drove the company's financials. Meanwhile, the company's adjusted EBITDA margin improved by 0.6% to 31.7% while generating an adjusted free cash flows of US$825.8 million.

After its impressive third-quarter performance, Waste Connections has raised its guidance for 2021. The management now expects its revenue and adjusted EBITDA to come in at US$6.11 billion and US$1.91 billion, respectively. Further, the company also raised its dividends by 12.2% to US$0.23 per share, representing the 11th straight year of a dividend hike.

Meanwhile, I expect the uptrend in the company's financials to continue, given the essential nature of its business, continued acquisitions, and improvement in its E&P revenue due to rising oil demand. So, Waste Connections could be an excellent defensive bet in this environment.

Fortis

My final pick would be **Fortis** (TSX:FTS)(NYSE:FTS). With 99% of its assets accounting for regulated utility business, the company generates predictable cash flows, allowing it to raise its dividends for 48 consecutive years. Meanwhile, its forward yield currently stands at 3.89%.

Further, Fortis expects to increase its rate base at a compound annual growth rate (CAGR) of 6% over the next four years to $40.3 billion by the end of 2025. So, it has planned to invest around $19.6 billion during this period. Along with these new investments, its solid underlying business could boost its cash flows in the coming years. So, Fortis's management has announced to raise its dividends at a CAGR of 6% through 2025.

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2. NYSE:WCN (Waste Connections)
3. TSX:FTS (Fortis Inc.)
4. TSX:NWH.UN (NorthWest Healthcare Properties Real Estate Investment Trust)
5. TSX:WCN (Waste Connections)

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