



Where to Invest in 2022: Stocks or Bonds?

Description

The Bank of Canada can no longer maintain the low-interest-rate environment because of [rising inflation](#). Investors face a dilemma because the call of the time is capital protection. Fixed-income investors are a worried lot. While bonds are low-risk and perfect hedges against market volatility, they perform poorly during inflationary periods.

Conversely, equities are [high-risk investments](#), but could mitigate inflation risks or cope with them. However, stock investors also worry about a declining TSX due to the new COVID variant. The index lost 2% already in the last five trading days.

If the near-term outlook for the bond market is bleak, you can either stay away from the market or choose stocks that can endure the downturn. The energy sector has viable options like **TC Energy** ([TSX:TRP](#))([NYSE:TRP](#)). In the industrial sector, **TFI International** ([TSX:TFII](#))([NYSE:TFII](#)) stands out due to the nature of its business.

Dividend Aristocrat

TC Energy is a Dividend Aristocrat owing to 21 consecutive years of [dividend](#) increases. The \$57.41 billion energy infrastructure company has raised its dividends for 21 consecutive years. At \$58.65 per share, investors enjoy at 18.2% year-to-date in addition to the 5.93% dividend yield. The hefty payout should attract yield-thirsty investors and Tax-Free Savings Account (TFSA) users.

TC Energy reported a strong year-to-date performance and expects full-year 2021 earnings to be modestly higher than full-year 2020. In the nine months ended September 30, 2021, TC Energy's net income rose 8.8% versus the same period in 2020.

President and CEO, François Poirier, said, "During the first nine months of 2021, our diversified portfolio of essential energy infrastructure assets continued to perform very well and reliably meet North America's growing demand for energy." He cites the strong demand for its services and notes the higher-than-normal utilization levels of its systems.

Poirier adds, "We are advancing our \$22 billion secured capital program and working on a substantive number of other similarly high-quality opportunities." Since 100% of its capital projects are either under long-term contracts or regulated, TC Energy has a competitive advantage. Thus, earnings and cash flows are visible.

High-flyer

TFI International operates in the transportation and logistics industry. The \$12.82 billion company derives revenues from four business segments (package and courier, less-than-truckload, truckload, and logistics). Business is thriving, as evidenced by the solid earnings results after three quarters in 2021.

In the nine months ended September 30, 2021, revenue and operating income grew 88% and 102% respectively compared to the prior-year period. TFI's Chairman, President, and CEO, Alain Bedard, said that all business segments delivered robust cash flows and strong performances despite the macro disruptions. Bedard adds the compelling benefits from UPS Freight, a key acquisition, are still ahead.

Management expects to maximize efficiencies, generate strong cash flows, and allocate capital strategically in the coming quarters. Notwithstanding the rapidly-changing times, TFI is in a position of historic strength as the year winds down. The industrial stock is a high-flyer. At \$130.96 per share, the year-to-date gain is 101.4%. It also pays a modest 0.87% dividend.

Solid investment choices

If bonds are poor choices in inflationary times, choose stocks that could hold up against the risks. TC Energy and TFI International are solid investments choices for 2022.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

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2. NYSE:TRP (Tc Energy)
3. TSX:TFII (TFI International)
4. TSX:TRP (TC Energy Corporation)

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