2 Top TSX Stocks to Ride Out Volatility in 2022

Description

Stocks are near record highs, despite global geopolitical risks, rising inflation, and surging borrowing costs.

At some point, investors might decide to head for the sidelines in the coming months, and that could send **TSX Index** on a bumpy ride through the rest of 2022. With this thought in mind, it makes sense to consider shifting some funds to top, defensive dividend stocks.

BCE

BCE (TSX:BCE)(NYSE:BCE) is the largest communications company in Canada, and essentially all of its revenue comes from the domestic market. Mobile and internet connectivity are essential services for businesses and homeowners, so the revenue stream tends to hold up well when the economy hits a rough patch. Even when times get tough, people will cut out a lot of other expenses before they cancel TV subscriptions.

BCE is investing heavily in its 5G network expansion and continues to run new fibre optic lines right to the premises of its customers. These programs are capital intensive, but they set BCE up for new revenue steams and higher average spending per customer in the coming years. The advanced network infrastructure also helps protect BCE's strong competitive position in the Canadian market.

The company generates strong free cash flow to support the generous dividend. BCE raised the payout by 5.1% for 2022. Investors who buy today can pick up a solid 5.4% dividend yield.

Fortis

Fortis (TSX:FTS)(NYSE:FTS) is a utility company with $58 billion in assets located in Canada, the United States, and the Caribbean. Nearly all the revenue comes from regulated power generation, electric transmission, and natural gas distribution businesses. This means cash flow is normallyreliable and predictable, despite the ups and downs of the economy or chaos in financial markets.

Fortis has a great track record of growing through a combination of strategic takeovers and internal capital projects. The current $20 billion capital program will boost the rate base by about a third by 2026. This should result in steady revenue and cash flow growth that will support targeted dividend hikes of about 6% per year through 2025.

It wouldn't be a surprise to see Fortis make another acquisition in the next couple of years. If that happens, the payout increases could be larger, and the dividend-growth outlook extended. Fortis has raised the distribution in each of the past 48 years.

The stock is a good buy-and-hold defensive pick for investors who don't want to worry about watching their portfolio every day. The current dividend yield is only 3.5%, but the steady increases in the payout quickly make up the difference.

The bottom line on top defensive stocks to buy today

BCE and Fortis are top Canadian dividend stocks that pay attractive and growing payouts. The companies provide essential services that generate steady streams of revenue and cash flow in all economic situations.

If you have some cash to put to work in a TFSA or RRSP or are looking to book some profits on more volatile holdings and want to shift funds to more defensive picks, BCE and Fortis deserve to be on your radar.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:BCE (BCE Inc.)
2. NYSE:FTS (Fortis Inc.)
3. TSX:BCE (BCE Inc.)
4. TSX:FTS (Fortis Inc.)

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Quote Media
6. Sharewise

7. Smart News
8. Yahoo CA

PP NOTIFY USER

1. aswalker
2. kduncombe

Category

1. Dividend Stocks
2. Investing

Date
2025/08/25
Date Created
2022/03/28
Author
aswalker