# Inflation Investing: 2 Top TSX Stocks to Own for the Next 2 Years

### Description

High inflation looks set to continue for the medium term, as global supply chain issues and the impacts of the war in Ukraine drive up costs on everything from fuel and food to finished goods. Central banks will raise rates to fight inflation, and this could trigger a recession.

As such, investors should search for top defensive stocks that provide essential services and pay growing dividends supported by rising revenue.



## Fortis

**Fortis** (TSX:FTS)(NYSE:FTS) has a five-year capital program on the go that will increase the rate base from $31.1 billion to $41.6 billion. Management is evaluating other projects that could get added to the portfolio, driving the rate base growth even higher. As it stands, the company expects revenue and cash flow to grow enough to support average annual dividend increases of at least 6% through 2025.

That's the kind of guidance investors are searching for right now in an uncertain market.

Fortis owns $58 billion in utility assets located in Canada, the United States, and the Caribbean. The company gets 99% of its revenue from regulated businesses, so the cash flow stream is very reliable and predictable.

Fortis hired a mergers and acquisitions specialist to the senior management team in 2021. This could lead to a new purchase in the next few years. Fortis has a solid track record of successful takeovers that have driven revenue and cash flow growth alongside the capital programs.

The board raised the payout in each of the past 48 years. At the time of writing, investors can pick up a 3.4% dividend yield.

## Telus

**Telus** (TSX:T)(NYSE:TU) is another reliable dividend stock to consider in the current environment. The communications player has a comfortable position in the Canadian market, providing mobile, internet, and TV services to homes and businesses. Telus has the power to increase prices, as its costs go up and customers are not going to cut their internet or wireless subscriptions when times get tough.

Telus is wrapping up its copper-to-fibre transition investments this year. That will free up extra cash in 2023 and beyond to support higher dividends. The company continues to spend on network upgrades on the wireless side, including the expansion of the 5G network. Telus spent $1.9 billion last year to acquire new 3,500 MHz spectrum that will be the foundation of the new 5G investments.

The company has other divisions that hold strong growth potential. Telus Health is a leader in the Canadian market providing digital solutions to doctors, hospitals and insurance companies. Telus Agriculture helps farmers use new technology to improve the efficiency of their businesses.

Telus intends to raise the dividend by 7-10% per year through at least 2025. The company typically increases the payout twice per year. Investors who buy the stock near the current price can pick up a decent 4.25% yield.



## The bottom line on top stocks to fight inflation

Fortis and Telus offer reliable dividend growth in uncertain economic conditions. If you are searching for top defensive stocks to add to a TFSA or RRSP portfolio, these companies deserve to be on your radar today.

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