TFSA Investors: 3 Stocks You Should Hold in Your Portfolio

Description

The stock market isn't in the greatest shape right now. There remains a lot of selling pressure, and stocks continue to fall. Although we haven't officially hit correction territory, we're definitely trending in that direction. With that in mind, investors should start being more defensive. This is especially true in a TFSA, where investors are faced with contribution limits. In this article, I'll discuss three stocks you should be holding in your portfolio today.

Buy utility companies

When looking for defensive companies to hold in a portfolio, the utility industry is the first place that investors should turn to. These companies are excellent to hold through recessions and corrections, because their businesses don't tend to be that affected. Regardless of what the economy looks like, cities will continue to need electricity and gas. That ensures a stable and predictable source of revenue for these companies.

Of all the utility companies listed on the **TSX**, my top pick is **Fortis** (TSX:FTS)(NYSE:FTS). This company is listed as a Canadian Dividend Aristocrat. However, even among that elite group, Fortis stands out. It holds the second-longest active dividend-growth streak at 47 years. That means that the company has been able to continue raising dividends through some of the worst market conditions in recent years. That includes the Great Recession and the COVID-19 pandemic.

Rely on this dependent stock

Investors should also consider buying shares of industrial companies. An example of such a company would be **Canadian National Railway** (TSX:CNR)(NYSE:CNI). This company operates the largest railway network in Canada. What attracts me to this company is the fact that there isn't a viable way to transport large amounts of goods over long distances if not by rail. That means that railway companies, and Canadian National specifically, should continue to see a lot of demand in the future.

Like Fortis, this company is listed as a Canadian Dividend Aristocrat. It has increased its dividend in each of the past 25 years. That makes it only one of 11 Canadian companies to reach that milestone. Despite all those years of dividend increases, Canadian National's payout ratio remains under 40%. That suggests to me that the company could continue to comfortably increase its distribution in the coming years.

This company could be a good pick

To round out portfolios, investors should consider other blue-chip stocks. For a list of excellent companies to consider, you can always refer to the **S&P/TSX 60**. This is a list of large companies that lead important industries in Canada. One company I'd strongly consider buying today is **Telus** (TSX:T)(NYSE:TU).

You should recognize Telus for its telecom business. It operates the largest telecom network in Canada. However, don't sleep on its growth in the healthcare space. With a plethora of products and services that it offers, Telus could establish a very formidable presence in that space in the coming years. This is another Canadian Dividend Aristocrat. Telus has increased its dividend in each of the past 17 years.

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2. NYSE:FTS (Fortis Inc.)
3. NYSE:TU (TELUS)
4. TSX:CNR (Canadian National Railway Company)
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