



3 Safe Stocks for Beginners Amid Rising Volatility

Description

Amid the concerns over high inflation, rising interest rates, and ongoing geopolitical tensions, the equity markets have been volatile over the last few months. With the Federal Reserve of the United States could increase interest rates further, I expect the volatility to continue.

So, given the challenging situation, beginners should buy the following three [safe Canadian stocks](#) to strengthen their portfolios. These companies generate stable and reliable cash flows irrespective of the economic cycle. So, they are less susceptible to market volatilities.

Waste Connections

First on my list is **Waste Connections** ([TSX:WCN](#))([NYSE:WCN](#)), which collects, transfers, and disposes of non-hazardous solid wastes. The company operates in secondary or exclusive markets, which are usually less competitive. With the improvement in economic activities, the demand for the company's services is rising. Also, increasing exploration and production activities amid growing energy demand could benefit the company.

Waste Connections also makes strategic acquisitions to strengthen its market share and expand its market presence. During the first quarter, the company completed acquisitions that can generate revenue of \$175 million annually. It also has a robust acquisition pipeline. So, its outlook looks healthy.

Supported by its stable cash flows, Waste Connections has raised its dividend at a CAGR of 15% over the last 12 years. So, given its impressive dividend hikes and healthy growth potential, Waste Connections could be an excellent buy in this volatile environment.

Telus

Second on my list is **Telus** ([TSX:T](#))([NYSE:TU](#)), one of the three top players in the Canadian telecom space. Amid digitization and growth in remote working and learning, the demand for fast and reliable internet service is rising. Supported by its accelerated capital investment, the company is expanding its

5G network and broadband infrastructure. Additionally, its high-growth, technology-oriented verticals, such as TELUS International, TELUS Health, and TELUS Agriculture, are also growing at a healthy rate, boosting its financials.

Meanwhile, telecommunication companies generate substantial revenue from recurring sources, thus delivering stable and reliable cash flows. Supported by these robust cash flows, Telus has raised its dividend 22 times since 2011. With a quarterly dividend of \$0.3386, the company's forward yield currently stands at a healthy 4.74%. Meanwhile, given the healthy outlook, the company's management expects to raise its dividend by 7-10% annually through 2025. So, despite the equity market volatility, I am bullish on Telus.

Algonquin Power & Utilities

My final pick is **Algonquin Power & Utilities** ([TSX:AQN](#))([NYSE:AQN](#)), which is involved in the utility business and power generation from renewable assets. Supported by its low-risk business, contractual arrangements, and strategic acquisitions, the company has delivered cumulative total shareholders returns of around \$350% in the last 10 years.

Meanwhile, the company recently completed the acquisition of Kentucky Power Company and New York American Water Company. It expects to invest around \$8 billion through 2026. These investments could drive the company's adjusted EPS at an annualized rate of 7-9%. So, its growth potential looks healthy.

Notably, Algonquin Power & Utilities has been raising dividends for the last 12 years. With a quarterly dividend of US\$0.1808, the company's forward yield stands at 5.28%. It trades at an attractive NTM price-to-earnings multiple of 17.8, making it an attractive buy.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:AQN (Algonquin Power & Utilities Corp.)
2. NYSE:TU (TELUS)
3. NYSE:WCN (Waste Connections)
4. TSX:AQN (Algonquin Power & Utilities Corp.)
5. TSX:T (TELUS)
6. TSX:WCN (Waste Connections)

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