



3 Ideal Stocks to Start Your Investment Journey in This Volatile Environment

Description

Investors fear a recession might arrive amid the inflationary environment and rising benchmark interest rates. The ongoing Russia-Ukraine war has driven energy and food prices higher. Amid rising inflation, central banks globally have raised interest rates to stem the rising prices. Meanwhile, higher interest rates have increased borrowing costs, impacting global growth and raising fears of a recession.

So, given the uncertain outlook, I expect equity markets to remain volatile in the near to medium term. However, long-term investors should not worry about these short-term volatilities and could utilize the correction to accumulate quality stocks to earn superior returns in the long run. If you want to [begin your investment journey](#) now, here are my top three picks.

Fortis

Fortis ([TSX:FTS](#))([NYSE:FTS](#)) operates 10 utility assets, meeting the natural gas and electric needs of around 3.4 million customers. With regulated utility assets forming 99% of its asset base, the company's financials are less susceptible to market volatilities. Supported by its strong underlying business, the company has delivered approximately 12% of average total shareholders returns for the last 20 years. It has also increased its dividends uninterrupted for the previous 48 years, with its forward yield standing at 3.53%.

Meanwhile, Fortis hopes to grow its rate base at a CAGR of 6% over the next four years, with an investment of \$20 billion. Along with these investments, price hikes and solid underlying business could drive its financials in the coming quarters. Amid its healthy growth prospects, the company's management expects to raise its dividend at a CAGR of 6% through 2025. So, I believe Fortis is an excellent stock to begin your investment journey.

Waste Connections

Waste Connections ([TSX:WCN](#))([NYSE:WCN](#)) is a waste management company with operations in Canada and the United States. Given the essential nature of its business and long-term contracts, the

company's financials are stable and reliable. The company operates in exclusive or secondary markets, where competition is less, thus allowing it to maintain higher margins.

Meanwhile, economic activities have improved amid easing restrictions, thus driving the demand for the company's services. Waste Connections also services exploration and production companies. The rising exploration production activities amid growing energy demand could benefit the company. It is also building two recycling plants, which could become operational in 2023. So, given its healthy growth potential and stable financials, I believe Waste Connections is an excellent buy for risk-averse investors.

Telus

With the rising demand for telecommunication services amid digitization, I have selected **Telus** ([TSX:T](#))([NYSE:TU](#)) as my final pick. The company has accelerated its capital investments in expanding its 5G and broadband infrastructure. By the end of the first quarter, the company has expanded its 5G service to cover 74% of the Canadian population. Through its TELUS PureFibre network, the company services 2.8 million locations.

The company's high-growth verticals, TELUS International, TELUS Health, and TELUS Agriculture, could also witness robust growth in the coming years, thus boosting the company's financials. Meanwhile, the company's management expects its revenue and adjusted EBITDA to grow by 8-10% this year while generating a free cash flow of \$1 billion to \$1.2 billion. So, its dividends are safe.

Notably, Telus has been rewarding its shareholders through its dividend-growth program. Since 2014, the company has paid \$14 billion in dividends. With a quarterly dividend of \$0.3386/share, its forward yield currently stands at a healthy 4.7%.

CATEGORY

1. Dividend Stocks
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3. NYSE:WCN (Waste Connections)
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Date

2025/06/28

Date Created

2022/07/10

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