



3 of the Safest TSX Stocks Right Now

Description

The Canadian equity markets have rebounded strongly from their June lows amid solid earnings and easing recession fears. However, the recent comments from the Chairman of the Federal Reserve of the United States, Jerome Powell, have made investors nervous. Last week, he said that the central bank would take stricter measures to bring inflation down, thus raising volatility. Given the volatile environment, here are three [safe stocks](#) that you can buy right now.

Fortis

Utility companies are among the safest investments, given their low-risk business and reliable cash flows. So **Fortis** ([TSX:FTS](#))([NYSE:FTS](#)), which meets the electric and natural gas needs of 3.4 million customers, would be my first pick. With 99% of its assets covered under long-term contracts, the company's financials are stable, irrespective of the economic outlook.

Fortis has delivered an average total shareholders' return of 12.8% over the last 20 years, outperforming the broader equity markets. Amid these reliable cash flows, the company has raised its [dividends](#) uninterrupted over the previous 48 years to a current dividend yield of 3.66%. Besides, the company is progressing with its \$20 billion capital program, which could increase its rate base at a CAGR (compounded annual growth rate) of 6% through 2025. The rate base expansion could boost its earnings and cash flows, thus allowing the company to continue its dividend growth.

Further, Fortis is trading at 20 times its next four-quarter earnings, making it an intriguing buy in this volatile environment.

Waste Connections

Given the essential nature of its business **Waste Connections** ([TSX:WCN](#))([NYSE:WCN](#)), which offers non-hazardous solid-waste management services, is my second pick. With its operations focused on exclusive and secondary or rural markets, the company faces less competition, thus allowing it to maintain its margins. The waste management provider has its landfills closer to waste generation, thus

lowering its transportation expenses. The average remaining life of its owned and operated landfills is around 29 years.

Waste Connections also services exploration and production (E&P) companies. Amid the rising energy demand, E&P activities have increased, driving the demand for the company's services. Additionally, the company is focusing on strategic acquisitions to expand its footprint and strengthen its market share. In 2022 alone, the company has made acquisitions expected to increase its annualized revenue by US\$470 million. A recently signed definitive acquisition agreement should raise its annualized revenue by another US\$225 million.

Although Waste Connections's dividend yield of 0.5% is on the lower side, it has rewarded its shareholders by raising its dividends at a CAGR of 15% for the last 12 years, which is encouraging.

BCE

The digitization of business processes and growth in remote working and learning have increased the demand for telecommunication services. These companies earn a substantial percentage of their revenue from recurring sources, making them a smart defensive bet. One telecom well-positioned to benefit is **BCE** ([TSX:BCE](#))([NYSE:BCE](#)).

Amid the rising demand, this high speed communications provider has accelerated its investment in strengthening its [5G](#) and broadband infrastructure. The company plans to invest around \$5 billion this year, bringing its total investment since 2020 to \$14 billion. It recently rolled out its 5G+ services in Toronto and some parts of Southern Ontario. Meanwhile, management expects to provide the service to 40% of Canadians by this year-end. With telecom customers increasingly demanding faster speeds, the new high-speed broadband offerings could also drive its growth in the coming quarter.

BCE has been raising its dividends by over 5% annually for the last 14 years, while its dividend yield stands at a healthy 5.8%.

CATEGORY

1. Dividend Stocks

TICKERS GLOBAL

1. NYSE:BCE (BCE Inc.)
2. NYSE:FTS (Fortis Inc.)
3. NYSE:WCN (Waste Connections)
4. TSX:BCE (BCE Inc.)
5. TSX:FTS (Fortis Inc.)
6. TSX:WCN (Waste Connections)

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