



Got \$2,000? Here Are 3 Smart TSX Stocks to Buy Now

Description

Amid the Federal Reserve's aggressive monetary tightening policies, the global equity markets have turned volatile, with the **S&P/TSX Composite Index** falling close to 6% from last month's highs. In this volatile environment, there are three smart TSX stocks you can buy right now. Let's take a look.

Waste Connections

Waste Connections ([TSX:WCN](#))([NYSE:WCN](#)) is one of North America's largest solid waste management companies. 40% of the company's operations are in exclusive or franchise markets, while the remaining 60% are in secondary or rural markets. So, it faces lesser competition, thus allowing it to enjoy higher margins. As a strategic advantage, the company has waste-disposal sites located closer to waste generation sites, saving transportation expenses.

Waste Connections makes strategic acquisitions to expand its presence and strengthen its market share. In the first two quarters, the company has completed several acquisitions that can increase its annualized revenue by US\$470 million. The company also services exploration and production companies. With the rise in energy demand, exploration and production activities have increased, driving demand for the company's services. So, I expect the company to perform strongly in the coming quarters.

It's been just over a month since the last earnings report for WCN, and in that time, shares added about 2.5%, outperforming the S&P 500. Adjusted earnings increased 23.5% year-over-year, and revenues of \$1.82 billion rose 18.4% year-over-year. WCN also paid out dividends worth \$59.4 million in the reported quarter.

Given its healthy growth prospects and 18-year track record of delivering positive total shareholder returns, I believe Waste Connections would be an excellent addition to your portfolio in this volatile environment.

Telus

Increased internet penetration, digitization of business processes, and growth in remote working and learning are expanding the addressable market for telecommunication companies such as **Telus** ([TSX:T](#))([NYSE:TU](#)). Amid demand growth, the company adopted an accelerated capital expenditure program to expand its 5G and PureFibre networks. By the end of the second quarter, the company covered 78% of the Canadian population with its [5G](#) service, while its PureFibre network reached 2.8 million premises.

The company's technology-oriented verticals, TELUS International, TELUS Health, and TELUS Agriculture & Consumer Goods, are growing at a healthy rate, driving its financials. Meanwhile, this will be the last year of the company's accelerated capital expenditure program. So, the company will have more cash to distribute to its investors next year, which is encouraging.

Due to its recurring revenue sources, the company's cash flows are robust, thus allowing it to raise dividends uninterrupted for the previous 15 years. With a quarterly [dividend](#) of \$0.3386, its yield for the next 12 months stands at a healthy 4.6%. So, considering its stable cash flows, growing addressable market, and attractive dividend yield, I am bullish on Telus.

Algonquin Power & Utilities

Algonquin Power & Utilities ([TSX:AQN](#))([NYSE:AQN](#)), a utility and [renewable energy](#) company, has delivered returns of above 67% in the last five years at a CAGR (compound annual growth rate) of 10.8%. The company operates several utility assets across the United States, Canada, Chile, and Bermuda, serving 1.2 million customers. Besides, the company sells around 82% of the power from its renewable facilities through long-term power-purchase agreements. These long-term contracts and low-risk utility businesses produce reliable financials, irrespective of the economic outlook.

Supported by its solid financials, Algonquin Power & Utilities has raised its dividends at a CAGR of above 10% for the last 12 years, with its yield currently standing at an attractive 5.3%. The company is strengthening its utility and regulated asset base through a planned investment of US\$12.4 billion from 2022 to 2026. These investments could grow its adjusted EPS (earnings per share) at a CAGR of 7-9%. So, the company's growth prospects look healthy.

CATEGORY

1. Dividend Stocks
2. Energy Stocks
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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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