



3 Top TSX Stocks to Add to Your TFSA

Description

Despite monetary tightening initiatives by the Federal Reserve, the U.S. Consumer Price Index rose 8.3% in August against analysts' expectations of 8.1%. With prices continuing to rise, investors are worried that the Central Bank could further tighten its policies. The concern that these conservative policies could hurt global growth has increased the volatility in the equity markets. So, in this volatile environment, adding the following three [low-volatility stocks](#) to your [tax-free savings account](#) (TFSA) could be prudent.

Fortis

Fortis ([TSX:FTS](#))([NYSE:FTS](#)) operates a diversified regulated portfolio of 10 utility businesses across Canada, the United States, and the Caribbean, serving around 3.4 million customers. Supported by these stable businesses, the company has delivered an average total shareholders' return of over 13% for the previous 20 years, thus outperforming the broader equity markets. Besides, the company has an excellent track record of rewarding its shareholders with consistent dividend hikes. It has increased its dividends uninterruptedly for the last 48 years, with its yield currently standing at a healthy 3.8%.

Further, Fortis is continuing with its \$20 billion capital program, which would grow its rate base at an annualized rate of 6% through 2026. The expansion of the rate base could drive its revenue and cash flow, thus allowing the company to maintain its dividend growth. Meanwhile, management hopes to increase its dividend annually at an average of 6% through 2025. FTS trades at an attractive NTM (next 12 months) [price-to-earnings](#) multiple of 19.4, making it an attractively priced buy.

Waste Connections

Waste Connections ([TSX:WCN](#))([NYSE:WCN](#)) is a waste management company that collects, transfers, and disposes of non-hazardous solid wastes. It owns or operates several landfills, with an average remaining landfill life of 29 years. The company primarily operates in exclusive and secondary or rural markets, where it faces less competition and enjoys higher margins.

Further, the company makes strategic acquisitions across North America to strengthen its market share and expand its footprint. This year, the company has acquired assets that could raise its annualized revenue by US\$470 million. Meanwhile, the company also services exploration and production companies. So, the growth in energy demand and subsequent exploration and production activities could benefit Waste Connections.

The company has delivered positive total shareholders' returns for 18 consecutive years, thanks to its solid underlying business. Considering the essential nature of its business and solid track record, I believe Waste Connections would be an ideal addition to your TFSA portfolio in this volatile environment.

Telus

With telecommunication becoming a basic necessity in this digitally connected world, **Telus** ([TSX:T](#))([NYSE:TU](#)) would be my final pick. Amid digitization and growth in remote working, learning, and shopping, the demand for fast and reliable internet services is rising, thus expanding the addressable market for the company. To strengthen its position in the growing market, the company has accelerated its capital expenditures to enhance its 5G and broadband infrastructure.

By the end of June, Telus' 5G services covered 78% of Canadians while serving 2.8 million premises with its PureFibre network. These initiatives have expanded its customer base, with the company adding 247,000 connections in the second quarter alone. Additionally, the company earns substantial revenue from recurring sources, such as subscriptions. So, it enjoys stable and predictable cash flows irrespective of the economic outlook.

Further, Telus' tech-oriented verticals TELUS International, TELUS Health, and TELUS Agriculture & Consumer Goods are growing at a healthier rate, making this stock another attractive buy.

CATEGORY

1. Investing
2. Top TSX Stocks

TICKERS GLOBAL

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

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