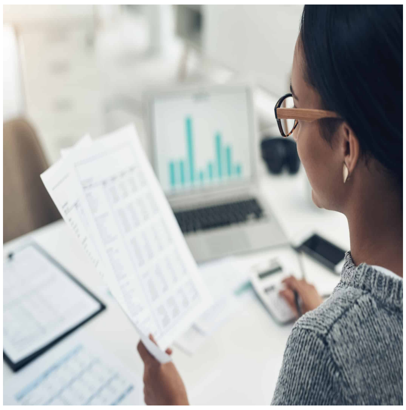

3 Top TSX Stocks That Could Beat These Uncertain Markets

Description

Canadian stocks have lost 14% this year, and the fall does not seem over just yet. Macro worries will continue to weigh on markets towards the end of the year, making stock picking all the more crucial. So, here are three TSX stocks that could outperform.

Dollarama

Very few TSX stocks have withstood the immense volatility this year. **Dollarama** (TSX:DOL) is one such name that has not only stayed resilient but managed to outperform markets this year. It has returned 26% this year, notably beating TSX stocks.

Note that as stocks trade more volatile, and, as inflationary pressures mount, Dollarama will likely continue to outperform. Its unique business model and stable earnings growth stand tall in inflationary environments.

Dollarama's value proposition and long-standing relationships with global suppliers bode well for its business growth. Moreover, its larger store count in Canada offers it a big competitive edge over peers. By 2031, Dollarama plans to reach its store count from currently 1,430 to 2,000, which will likely accelerate its financial growth in the long term.

Notably, Dollarama stock has outperformed in the short as well as in the long term, making it an apt bet for an all-weather portfolio.

Tourmaline Oil

Canada's natural gas producers will likely be in focus for the next few years, as the world grapples with energy supply woes. **Tourmaline Oil** (TSX:TOU) is Canada's biggest natural gas producer and aims to produce 505,000 barrels of oil equivalent in 2022.

Notably, higher production and sky-high gas prices have substantially boosted its earnings this year.

The trend will likely continue amid the war in Europe, making Tourmaline one of the most attractive bets among TSX energy.

Tourmaline paid off massive dividends in the last few quarters, thanks to its stellar free cash flow growth. At the end of 2020, it had a total debt of $1.9 billion, which has now fallen to a mere $470 million in the recent quarter. That's a noteworthy balance sheet improvement. Lower debt will lower its interest expense, enhancing profitability.

Tourmaline has announced special dividends on three occasions this year, indicating its massive financial strength and earnings visibility. The stock has returned 85% in the last 12 months, beating peers by a big margin.

Fortis

After two growth picks, my third is a defensive bet: **Fortis** (TSX:FTS)(NYSE:FTS). Defensives will steal the limelight, as recession fears have risen in the last few quarters.

What differentiates Fortis in the current markets is its earnings and dividend stability. Even if the economy and markets take an ugly turn from here, Fortis will likely keep growing steadily, as it has in the past. That's why market participants move to utility stocks like FTS as market uncertainties increase.

FTS stock currently yields 3.6%, marginally higher than broader markets. If you invest $1,000 in FTS stock, it will pay $35 in dividends in a year.

Note that Fortis has one of the longest dividend-growth streaks of 48 consecutive years. Its strong balance sheet and earnings visibility facilitate such a long payout streak, irrespective of the broader economy.

CATEGORY

1. Investing

TICKERS GLOBAL

1. NYSE:FTS (Fortis Inc.)
2. TSX:DOL (Dollarama Inc.)
3. TSX:FTS (Fortis Inc.)
4. TSX:TOU (Tourmaline Oil Corp.)

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