3 Stable Stocks to Add to Your TFSA or RRSP in November 2022

Description

Equity investors can use the benefits of Canadian retirement accounts, such as the Tax-Free Savings Account (TFSA) and Registered Retirement Savings Plan (RRSP), to create massive long-term wealth.

Any gains in the form of dividends, capital gains, or interests generated in the TFSA are exempt from Canada Revenue Agency taxes. Additionally, you can use your RRSP contribution room to lower your tax liability each year.

While the equity market has been extremely volatile in 2022, certain stocks have maintained their valuations amid the carnage. These companies have the ability to generate earnings and cash flows across market cycles. This resilience makes them top bets for your TFSA or RRSP accounts.

So let's look at three such stable stocks you can add to your TFSA or RRSP in November 2022.

Brookfield Infrastructure Partners

One of the top-performing stocks on the TSX since its IPO, **Brookfield Infrastructure Partners** (TSX:BIP.UN)(NYSE:BIP) has returned 485% to investors since November 2022, in dividend-adjusted gains. On top of stellar returns, BIP offers investors a tasty dividend yield of 4% to shareholders. These payouts have increased by 8% annually in the last decade.

An uncertain and challenging macro environment notwithstanding, Brookfield Infrastructure is expected to increase its funds from operations (FFO) per share by 11% in 2022. This cash stream will enable it to support further dividend increases.

Brookfield Infrastructure has sold four businesses year to date, with three more divestitures expected in 2022. These sales have generated close to US$3 billion in proceeds. This capital will be used to fund other investments, which should be accretive to cash flows.

BIP remains a top TSX stock and is trading at a discount of 28% to consensus price target estimates.

Canadian National Railway

One of the largest companies on the TSX, **Canadian National Railway** (TSX:CNQ)(NYSE:CNI) is trading at an enterprise value of $121 billion. In the last 20 years, Canadian National Railway has returned close to 2,000% to investors after adjusting for dividends.

The blue-chip stock is engaged in the rail transportation business. It moves products such as petroleum, chemicals, grain, fertilizers, and minerals across 19,500 route miles spanning Canada and the United States.

CN is valued at less than 30 times forward earnings. Management expects to increase its bottom line by 10% annually in the next five years. Canadian National Railway is recession-resistant, allowing it to generate predictable cash flows in good times and bad.

Fortis Inc.

The final stock on my list is **Fortis** (TSX:FTS)(NYSE:FTS), a Canadian utility heavyweight that offers investors a dividend yield of 4.3%. The company increased its asset base to $64 billion in 2021, up from just $390 million in 1987. The resultant cash flows have allowed Fortis to increase dividends for 49 consecutive years.

Fortis aims to increase dividends between 4% and 6% through 2027, making it attractive to income-seeking investors.

While most companies are wrestling with negative revenue growth and falling profit margins, the rate-regulated business of Fortis protects earnings. This stable revenue will enable it to increase adjusted earnings from $2.59 per share in 2021 to almost $3 per share in 2023.

Fortis stock might also return around 10% to investors in the next 12 months, given price target estimates and its current dividend payout.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:BIP (Brookfield Infrastructure Partners L.P.)
2. NYSE:CNI (Canadian National Railway Company)
3. NYSE:FTS (Fortis Inc.)
4. TSX:BIP.UN (Brookfield Infrastructure Partners L.P.)
5. TSX:CNR (Canadian National Railway Company)
6. TSX:FTS (Fortis Inc.)

PARTNER-FEEDS

1. Business Insider
2. Flipboard
3. Koyfin
4. Msn
5. Newscred
6. Quote Media
7. Sharewise
8. Smart News
9. Yahoo CA

PP NOTIFY USER

1. araghunath
2. cleona

Category

1. Dividend Stocks
2. Investing

Date
2025/06/27
Date Created
2022/11/02
Author
araghunath