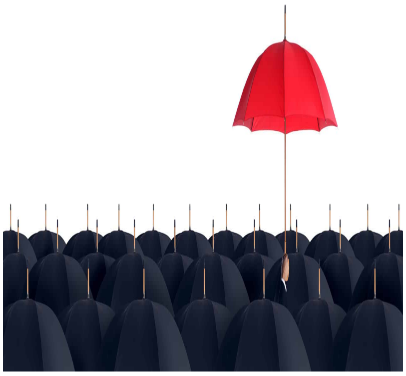

Tired of Volatile Markets? 3 Safe TSX Stocks to Buy for the Long Term

Description

Canadian markets jumped by nearly 4% last week after the U.S. inflation data showed signs of the slowing rate-hike cycle. The markets have been highly tumultuous this year, because of the same record-high inflation and rapid increase in interest rates.

Even if the markets celebrated last week, we are still not out of the woods yet. The inflation is still way higher than the U.S. Fed's target range, so it is too early to party. As a result, stocks could continue to trade volatile as they did this year. So, if you want to place your bets on TSX stocks that could keep trading strong, irrespective of the market direction, consider these names.

Intact Financial

Canada's largest property and casualty insurer **Intact Financial** (TSX:IFC) is one of the stocks that has outperformed in almost all kinds of markets. It has returned 15% compounded annually in the last five- and 10-year duration, remarkably beating broader markets.

Intact has a leading 20% market share in the property and casualty insurance market in Canada. Its scale ultimately becomes the key competitive advantage that bodes well for its business and earnings growth. As a result, in the last 10 years, Intact has grown its net income by 16% compounded annually, which is higher than its peers.

Its earnings for the third quarter, released last week, did not put up an excellent show. Its revenues marginally fell, while profit margins declined, too. However, it still is a fundamentally sound company and could continue to outperform in the long term.

Fortis

Canada's top utility stock **Fortis** (TSX:FTS) is one of my favourite defensive names for uncertain markets. It has become all the more attractive after its recent correction. It is still trading 18% lowerthan its 52-week highs and offers a decent opportunity for value investors.

Utility stocks like Fortis turn lower amid rising interest rates. That explains its recent weakness. And note that as rate hikes are expected to continue, FTS may keep trading subdued for some more time. However, it seems that much of the damage is done. Fortis stock has limited downside from its current levels, and we could see it jumping to its record levels probably next year.

Fortis generates almost all of its earnings from regulated operations, facilitating earnings and dividend stability. This quality stands particularly tall in volatile markets. It currently yields 4% and has raised shareholder payouts for the last 49 consecutive years.

Although an economic downturn could hit next year, Fortis will likely keep increasing its dividends by around 5-7% annually, as guided. So, considering its stable dividend profile and decent capital gain prospects, investors can expect lower double-digit returns from Fortis in the long term.

Constellation Software

Despite being in the volatile tech sector, **Constellation Software** (TSX:CSU) was relatively well placed this year. It has lost 9% of its value this year, whereas peers have lost 30-40% in the same period.

What makes CSU different from peers is its unique business model and its earnings strength. It operates a fleet of smaller vertical market software companies with a dominating market share in various sectors.

CSU serves both commercial and government customers, which facilitates earnings visibility. Its consistent profitability and margin stability have created massive shareholder wealth in the long term.

When tech companies dug a deep hole in investors' pockets amid rate hikes this year, CSU stood resilient and outperformed, justifying its premium valuation.

CATEGORY

1. Investing

TICKERS GLOBAL

1. TSX:CSU (Constellation Software Inc.)
2. TSX:FTS (Fortis Inc.)
3. TSX:IFC (Intact Financial Corporation)

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