# TFSA Top-Up 2023: 2 Dividend Stocks I'd Buy With an Extra $6,500

### Description

With a new year on the horizon, it's about time that Canadian investors thought about what they're looking to buy with their 2023 TFSA contribution of $6,500. Undoubtedly, the equity markets are rough right now, making fixed-income securities that much more appealing. Though a portion of your next TFSA contribution should be invested in lower-risk securities, I'd argue that stocks remain the best game in town. Even as rates on debt securities or GICs (Guaranteed Investment Certificates) continue to swell above the 4.5-5% mark, it's really hard to stack up against total returns offered by stocks over an extended period of time.



Yes, stocks are viewed as less appealing with the downside risks and more competitive bond yields. That said, the next bull market could be most rewarding to those who stick by equities. At the end of the day, pieces of businesses are among the best plays for those who are looking to be constructive with their money over the course of many years.

What you do with your TFSA is entirely up to you. In this piece, we'll consider value stocks that are in a fine middle ground. Let's look at two Canadian stocks to buy together as we enter 2023 — a year that will surely be full of surprises, bearish and bullish.

Currently, I'm a fan of defensive growth. **Fortis** (TSX:FTS) and **Waste Connections** (TSX:WCN) stand out.

## Fortis: Predictability at a discount

Fortis isn't just a retiree stock or bond proxy, it's a very well-run utility that can help you preserve wealth in dire times while growing it at a solid rate over the long haul. Recently, market-wide volatility has gotten quite bad.

Defensives have taken a hit to the chin, as too many safety-seeking investors chased the plays. Fortis got caught up in the boom and bust. The stock is now moving higher after enduring a more than 22% drop from peak to trough. It's rare to have a steady dividend juggernaut pulling back into a bear market. Any time it does, investors should pounce while the dividend is swollen.

Today, the dividend yields 4.15%. That's a pretty solid payout that investors can lock in before shares can recover any further, dragging the yield back below the 4% mark. Not much has changed about Fortis's growth path. The valuation has, however.

## Waste Connections: Turning trash into cash

Waste Connections is a sleep-easy stock that a recession can't stop. Rubbish collection is a necessary service that's needed, even when the economy sinks into a massive rut.

In recent weeks, the stock slipped around 8% from its peak. I view the dip as a buying opportunity in one of the most resilient growth stocks in this market. Sure, the 0.75% dividend yield isn't much. But the dividend's growth profile is tough to beat at a time like this.

The 42.4 times trailing price-to-earnings (P/E) multiple is rich. As a result, I'd only nibble into a full position throughout the year. Who knows? Maybe this latest slip is the start of a pullback toward $160 per share — a target I'm looking at before loading up on the firm that turns trash into cash.

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joefrenette