3 Stable Stocks to Add to Your TFSA or RRSP Before Year End

Description

In a year that's been full of volatility, adding a few stable stocks to an investment portfolio could be a wise idea. As a growth investor myself, I've certainly felt the pain of the extreme levels of volatility this year. Heading into 2023, I'm looking to balance out my high-growth picks with a few dependable companies.

Maxing out tax-advantaged savings accounts

When it comes to investing in TSX stocks, Canadians have a few options for which savings account to use. For long-term investments, the Registered Retirement Savings Plan (RRSP) is typically top of mind, whereas the Tax-Free Savings Account (TFSA) is often associated with short-term savings objectives. However, it's worth mentioning that the TFSA can also be an excellent choice for long-term savings.

The TFSA's annual contribution limits are lower than that of the RRSP. However, the benefit of having tax-free withdrawals could pay off handsomely for patient investors with long-term time horizons.

Of course, Canadians can also use a mix of both their RRSP and TFSA for purchasing stocks, which is exactly what I do.

For anyone with some cash to spare this holiday season, I've reviewed three stable TSX stocks that are excellent choices for long-term holds.

Toronto-Dominion Bank

In times of uncertainty, **Toronto-Dominion Bank** (TSX:TD) is the exact type of company that I'd like to own. The Canadian banking sector as a whole has been one of the most dependable areas of the Canadian stock market in recent decades.

Today, Canadians can benefit from both stability and passive income through investing in any of theBig Five banks.

At today's stock price, TD Bank's annual dividend is good enough for a yield above 4%. When factoring in that dividend, shares have outperformed the returns of the **S&P/TSX Composite Index** in 2022.

Northland Power

In terms of stability, **Northland Power** (TSX:NPI) may pale in comparison to some of the Canadian banks. However, the energy stock is loaded with much more long-term growth potential.

At a market cap of close to $10 billion, Northland Power is a Canadian leader in the massively opportunistic renewable energy space. The company boasts a broad product offering as well as a growing international presence.

Despite still trading below all-time highs set in early 2021, shares are just about even in 2022. And that's not even including the stock's impressive 3% dividend yield.

Constellation Software

The tech sector likely isn't the first area of the stock market that comes to mind when you mention stability. Many high-flying tech stocks have been beaten down this year, riding gradual declines since late 2021.

Constellation Software (TSX:CSU) is a rare find in what is normally a volatile sector. The Canadian tech giant has as consistent a market-beating track record as you'll find on the TSX. It's been quietly crushing the Canadian market's returns ever since it went public close to two decades ago.

As a mature company today, growth has slowed for Constellation Software, but so has volatility in its stock price.

For investors that are looking to remain focused on growth but limit exposure to high-risk companies, Constellation Software is a perfect choice.

CATEGORY

1. Investing

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2. TSX:NPI (Northland Power Inc.)
3. TSX:TD (The Toronto-Dominion Bank)

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