Outlook Not So Good? 3 Safe TSX Stocks to Buy

Description

After falling 8.7% last year, the **S&P/TSX Composite Index** has made a bright start to this year, rising 4.3%. However, economists are predicting a recession this year. Central banks worldwide are implementing monetary tightening initiatives to stem rising prices. These initiatives could increase borrowing costs, thus impacting global growth.

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So, given the uncertain outlook, investors can strengthen their portfolio with the following three quality dividend stocks that generate solid and predictable cash flows irrespective of the economic outlook.

Fortis

Fortis (TSX:FTS) transports electricity and natural gas to 3.4 million customers across North America. With 99% of regulated utility assets, the company generates stable and predictable financials irrespective of the market conditions. Supported by these stable financials, the company has maintained its dividend growth for the last 49 years. Its dividend yield for the next 12 months stands at 3.84%.

Meanwhile, Fortis has announced a capital plan of $22.3 billion, which the company plans to spend from 2023 to 2027. The utility expects to spend $5.9 billion of these investments on renewable energy. Notably, these investments could grow the company's rate base at a CAGR (compounded annual growth rate) of 6.2% through 2027, thus boosting its financials in the coming years. So, the company's management is confident of raising its dividends by 4–6% annually through 2027.

Considering its low-risk business, solid dividend hike track record , and healthy growth prospects, I believe Fortis would be an ideal buy in this volatile environment.

TC Energy

Second on my list would be **TC Energy** (TSX:TRP), a midstream energy company that transports oil and natural gas across the United States, Canada, and Mexico. With around 95% of its adjusted

EBITDA (earnings before interest, tax, depreciation, and amortization) generated from long-term take-or-pay contracts and rate-regulated assets, market volatilities will have less impact on the company's financials. Supported by these stable cash flows, the company has raised its dividends since 2000 at a CAGR of over 7%. With a quarterly dividend of $0.90, its forward yield stands at a juicy 6.38%.

Meanwhile, TC Energy is expanding its asset base and plans to invest around $34 billion through 2026. These investments could grow the company's adjusted EBITDA at an annualized rate of 6%. Further, the company could also benefit from the growing export of LNG (liquefied natural gas) from North America to Europe due to its increased asset utilization rate.

BCE

My final pick would be **BCE** (TSX:BCE). With the digitization of business processes and growth in remote working, learning, and shopping, the demand for telecommunication services is rising, thus expanding the addressable market for the company. Amid the growing demand, the company is investing aggressively to strengthen its 5G and broadband infrastructure, which has helped it expand its customer base. By the end of the third quarter, which ended on September 30, the company had 9.3 million wireless and 4 million retail wired customers.

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Supported by its expanding customer base, BCE continues to grow its financials despite the challenging environment. In the recently reported third quarter, the company's revenue and adjusted net income increased by 3.2% and 7.1%, respectively. Telecommunication companies enjoy stable cash flows due to their recurring revenue source, which has allowed BCE to raise its dividends by over 5% annually for the last 14 years. With a quarterly dividend of $0.92, the company's yield for the next 12 months stands at a healthy 5.93%. So, given its solid underlying business and healthy growth prospects, I am bullish on BCE despite the uncertain outlook.

CATEGORY

1. Dividend Stocks

TICKERS GLOBAL

1. TSX:BCE (BCE Inc.)
2. TSX:FTS (Fortis Inc.)
3. TSX:TRP (TC Energy Corporation)

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. cleona
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