



3 Stocks to Add to Your TFSA ASAP

Description

The Canadian Revenue Agency has fixed a [Tax-Free Savings Account \(TFSA\)](#) contribution room of \$6,500 for this year. For investors, who were 18 and above in 2009, the cumulative amount now stands at \$88,000. Meanwhile, investors should be careful with their stock selection, as the contribution room grows or shrinks with their stock value. Amid rising interest rates and concerns over slowing global growth, it is wise to add defensive stocks to your TFSA. Meanwhile, here are my three top picks.

Waste Connections

Waste Connections ([TSX:WCN](#)) is a waste management company that offers non-hazardous solid waste collection, transportation, and disposal services in 43 states of the United States and six provinces of Canada. Given the essential nature of its business and strategic acquisitions, the company has delivered positive total shareholders' returns for the last 18 consecutive years. Last year, despite the weakness in the broader equity markets, it returned 4.6%.

Meanwhile, I expect the uptrend to continue. As of November, Waste Connections had made acquisitions that could add \$535 million to its annual revenue. It was working on other deals, which could raise its annual revenue by \$35 million. Further, favourable price revisions, inflation-indexed contracts, and solid underlying business could boost its financials in the coming quarters. The company's management projects a double-digit revenue and adjusted free cash flow growth this year.

With a quarterly [dividend](#) of \$0.23/share, its yield for the next 12 months stands at 0.5%, which is on the lower side. However, the company has been raising its dividends in double digits for the last 12 years. So, considering all these factors, I believe Waste Connections would be an ideal addition to your TFSA in this volatile environment.

Telus

Second on my list is one of the top telecom players in Canada: **Telus** ([TSX:T](#)). With digitization and growth in remote working, learning, and shopping, the demand for telecommunication services is

rising. Amid the demand growth, the company has made aggressive capital investments over the last couple of years.

These investments include advancing its 5G network, copper-to-fibre migration program, and expanding its fibre network to connect more communities. With most of its infrastructure in place, the company's management expects to lower its capital investment by \$1 billion this year, thus freeing up additional cash for dividends and share buyback. So, I believe the company's payouts are safe. With a quarterly dividend of \$0.3511/share, its yield for the next 12 months is 4.85%.

Further, Telus offers an excellent track record of raising its dividends. Since 2011, the company has increased its dividends 23 times and expects to continue its multi-year dividend-growth program until 2025. So, I am bullish on Telus, even in this uncertain market environment.

Fortis

Fortis ([TSX:FTS](#)) serves around 3.4 million customers across North America, meeting their electric and natural gas needs. It has witnessed substantial selling over the last few months, losing approximately 15% of its stock value. The fear of rising interest rates hurting its margins due to higher interest expenses appears to have dragged its stock down. Amid the recent correction, the company's price-to-book multiple stands at 1.4, making it an attractive buy.

Fortis would be an ideal stock to buy in this volatile environment due to its low-risk, regulated [utility](#) operations, which generate stable and predictable cash flows irrespective of the economy. Supported by these stable cash flows, the company has raised its dividend for the last 49 years. With a quarterly dividend of \$0.565/share, its forward yield stands at a juicy 4.1%.

Meanwhile, the company has adopted a five-year capital-investment plan, which can grow its rate base at an annualized rate of 6.2% through 2027. These investments could boost its financials, thus allowing it to maintain its dividend growth. Meanwhile, the company's management expects to increase its dividend by 4-6% annually until 2027.

CATEGORY

1. Investing

TICKERS GLOBAL

1. TSX:FTS (Fortis Inc.)
2. TSX:T (TELUS)
3. TSX:WCN (Waste Connections)

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