2 Defensive Stocks for Your Portfolio

Description

The market has been anything but predictable over the past year. Let's face it; the traditional metals, mining, and energy stocks have had more ups and downs than most roller coasters, and the fluctuating loonie has made manufacturing stocks both good and bad depending on the day.

Fortunately, there are a number of defensive stocks that, while not immune to the changes of the market, are all in great positions. Here's a look at two of them.

BCE Inc.

You can't mention a defensive stock without thinking about **BCE Inc.** (TSX:BCE)(NYSE:BCE). This is a stock that has been around and paying dividends for well over a century. It's become an integral part of our everyday lives through phones, wireless, TVs, and media.

BCE has relatively few competitors, and for one to emerge at a national level to rival BCE would require an immense amount of capital and infrastructure, which would take years and cost billions.

BCE's infrastructure is already built, and while the company upgrades it as new technology is released, such as the newer fiber service, it serves to only make the defensive moat around the company even greater.

What's even better is that because the infrastructure is already built, the company can return much of the revenue it receives back to shareholders in the form of dividends. BCE recently raised the dividend payout by 5%, bringing the dividend to $0.68 per share for a yield of 4.6%.

BCE currently trades at just shy of $60 and is up by nearly 11% for the year.

Metro Inc.

Metro Inc. (TSX:MRU) is one of the largest grocery store and pharmacy operators in the country with over 600 grocery and 250 pharmacy locations. The company has a strong presence in both Ontarioand Quebec, operating under a number of different brand labels.

Metro's strong presence ensures an almost constant stream of revenue. The company's strict discipline with respect to keeping costs in line has ensured that it can continue to outperform the market and many competitors.

While many companies dipped into the red last year, Metro was one of a handful that not only beat the market, but flourished. In fact, the most recent results for the company showed that adjusted earnings per share increased by a whopping 24.4% with revenues up by 4.3%.

In addition to reporting great results, Metro hiked dividends recently to $0.14 per share, giving the company a yield of 1.29%. Keep in mind that growth, not dividends, is the primary driver to invest in Metro. The stock is up by nearly 12% this year, and 26% over the past 12 months.

Both Metro and BCE remain great options for investors looking to diversify their portfolios. They have recorded great results recently and have rewarded shareholders by raising their dividend payouts. And because both serve different segments of the economy, investors need not worry about selecting one or the other as both can play a part in any portfolio.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:BCE (BCE Inc.)
2. TSX:BCE (BCE Inc.)
3. TSX:MRU (Metro Inc.)

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