My Top 10 Long-Term Stock Picks for Defensive Investors

Description

The world of investing is a difficult one to navigate. The sheer number of options available on North American exchanges in various investment categories and sectors is enough to make any investor's head spin. I've decided to narrow down the list of available options to 10 top picks for long-term defensive investors to consider in a range of sectors to suit a range of investor preferences.

Here we go.

Algonquin Power & Utilities Corp. (TSX:AQN)(NYSE:AQN) is an excellent pick for long-term investors looking for an excellent dividend yield in a defensive sector. The utilities space is one that has been hampered of late due to a rising interest rate environment in North America, but Algonquin has outperformed its peers for some time due to the strength of its management team and its unique growth profile supported by continued acquisitions, providing additional diversification for investors looking for broad North American exposure.

In the same defensive category, **Fortis Inc.** (TSX:FTS)(NYSE:FTS) provides investors with another strong dividend yield coupled with growing exposure to the U.S. market given its recent acquisition of WGL Holdings. Fortis has grown its dividend for more than four decades and continues to provide one of the best long-term track records on the TSX for defensive long-term investors.

In the airline space, few companies remain as attractively valued as **Air Canada** (TSX:AC)(TSX:AC.B), with substantial room remaining for valuation multiple expansion. Air Canada has continued to grow its earnings. In its most recent earnings report, the company doubled its bottom line. That's a testament to the strength of the turnaround at this high-performing airline.

Killam Apartment REIT (TSX:KMP.UN) is one of the best REITs available to investors considering adding exposure to the Canadian apartment sector — a niche which tends to be the most defensive in the REIT space due to the fact that cash flows and earnings are much less elastic than those in the commercial or retail space.

Shaw Communications Inc. (TSX:SJR.B)(NYSE:SJR) is an excellent growth play in the defensive telecommunications sector due to the company's small, yet nimble corporate structure, enabling the company to aggressively pursue market share held by the oligopoly in the highly profitable Canadian telecom space.

Canadian Tire Corporation Limited (TSX:CTC.A) is one of the few retail companies I would suggest defensive investors take a look at, given its unique business model and focus on branding many of the third-party products it sells in a bid to further increase profitability. Canadian Tire is attractively valued, with excellent fundamentals supporting further growth in the Canadian marketplace.

In the same category as Canadian Tire, I would recommend that long-term defensive investors consider **Costco Wholesale Corporation** (NASDAQ:COST) as a core holding due to the company's unique and insulated business model. Dipping substantially since the Whole Foods-**Amazon.com, Inc.** merger was announced, Costco now provides an attractive entry point for long-term investors to buy the once-pricey retailer.

One of the best growth plays on the TSX right now has to be **Spin Master Corp.** (TSX:TOY) given the company's intellectual property and growth prospects outside North America. With earnings coming in much higher than expected for traditionally less-profitable quarters, I expect Spin Master to continue to outperform in Q4 2017 and beyond.

With a strong pipeline of products set to be released and a brand equity/loyalty profile, which remains unparalleled, **Apple Inc.** (NASDAQ:AAPL) is perhaps the best growth company available, bar none. Recent reports that the company's highly anticipated iPhone X sold out on launch day have decimated expectations that demand wouldn't be as robust as expected moving forward. Analyst expectations of a 12-month stock price above $200 should not be overlooked here.

A commodities company with minimal exposure to oil prices, **Enbridge Inc.** (TSX:ENB)(NYSE:ENB) stands out as one of the best energy infrastructure companies available to investors. With an excellent yield and a company mandate to continue increasing dividend distributions over time, I expect the company's solid portfolio of assets to continue to provide upside, regardless of the near-term movements of the broader stock market.

Stay Foolish, my friends.

CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing

TICKERS GLOBAL

1. NASDAQ:AAPL (Apple Inc.)
2. NASDAQ:AMZN (Amazon.com Inc.)
3. NASDAQ:COST (Costco Wholesale Corporation)
4. NYSE:AQN (Algonquin Power & Utilities Corp.)
5. NYSE:ENB (Enbridge Inc.)
6. NYSE:FTS (Fortis Inc.)
7. NYSE:SJR (Shaw Communications Inc.)
8. TSX:AC (Air Canada)

9. TSX:AQN (Algonquin Power & Utilities Corp.)
10. TSX:CTC.A (Canadian Tire Corporation, Limited)
11. TSX:ENB (Enbridge Inc.)
12. TSX:FTS (Fortis Inc.)
13. TSX:KMP.UN (Killam Apartment REIT)
14. TSX:SJR.B (Shaw Communications)
15. TSX:TOY (Spin Master)

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