



3 Dividend Stocks for a Defensive Portfolio

Description

As the S&P/TSX Index continues to build on its October gains, there is notable anxiety in the financial world. Canadian stocks have blossomed since late August, as investor sentiment was fueled by an overperforming economy. Statistics Canada has now released two consecutive reports that showed that GDP failed to produce positive growth and an August report that showed a 0.1% decline.

Let's look at three stocks that could potentially stay above the fray if a protracted decline took root.

Saputo Inc.

Saputo Inc. ([TSX:SAP](#)) has been a subject of focus with ongoing NAFTA negotiations focusing in on the controversial supply-management system in Canada. I recently wrote about the [ramifications surrounding U.S. demands to end the system](#) and if this would be damaging to Saputo. Interestingly, Saputo leadership does not appear to be overly concerned and, in fact, would more than likely embrace trade liberalization in this area.

In its fiscal second-quarter results, Saputo posted net earnings of \$185.2 million, a 3.4% decline. It posted revenues of \$2.88 billion — a 1.4% increase. Shares have fallen 6.1% in 2017 as of close on November 8. The stock also offers a dividend of \$0.16 per share, representing a 1.4% dividend yield.

Andrew Peller Ltd.

Andrew Peller Ltd. ([TSX:ADW.A](#)) produces and markets wine and winemaking products. Consumption of wine has grown particularly popular among the millennial demographic. In fact, wine as a proportion of alcohol consumption has been trending up, eating into the beer market share. The wine industry has proven to be quite robust, and with this company boasting brands such as Trius, Peller Estates, Hillebrand, and others, it is a secure bet going forward.

The company released its fiscal 2018 second-quarter results on November 1. Sales increased 4% year over year to \$91.8 million. It posted net earnings of \$17.4 million, or \$0.42 per share, for the first six months of fiscal 2018. Andrew Peller also completed the \$95 million acquisition of three premium state wineries in British Columbia.

Shares of Andrew Peller have climbed 8.8% in 2017 and 18% year over year. The stock also offers a dividend of \$0.05 per share, representing a 1.4% dividend yield. This is a solid long-term hold that will provide steady income.

Canadian Pacific Railway Limited

Canadian Pacific Railway Limited ([TSX:CP](#))([NYSE:CP](#)) is a Calgary-based company dating its founding back to 1881. Canadian rail stocks were hit midway through the summer, as the Canadian dollar strengthened on successive rate hikes. In early August, I covered why [a retreating dollar would be good news for rail stocks](#).

Since the Bank of Canada held steady on the benchmark rate on October 25, the Canadian dollar has dropped below the \$0.80 mark. Meanwhile, CP Rail stock has increased 7.3% month over month. Its third-quarter results saw revenue climb 3% to \$1.6 billion and operating income jump 5% to \$690 million.

The stock offers a modest dividend of \$0.56 per share, representing a 1% dividend yield at offering.

CATEGORY

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