5 Dividend-Paying Defensive Stocks to Help You Battle Through the Next Recession

Description

When times become tough and markets become choppy, investors tend to throw their riskier stocks out the window and instead opt to load up on more defensive stocks.

That means companies that are more directly linked to the economic cycle, like, for example, **Magna International Inc.** and **Bombardier, Inc.**, tend to suffer, while companies involved in more stable industries, such as utilities, telecoms, and consumer staples, tend to outperform on a relative basis.

The five stocks listed below all pay dividends, and each one of them has outperformed as of late, making them timely buys for TFSA or RRSP account.

Metro, Inc. (TSX:MRU), one of Canada's largest grocers, is up a little more than 12%, much better than the 4.4% returned by the TSX Composite over the same period.

Metro makes perfect sense as a defensive investment, because even during tough economic times, most Canadians are going to be pretty reluctant to cut back on their household food budgets.

One of Metro's main competitors, **Loblaw Companies Ltd.** (TSX:L), is particularly interesting, as it wasn't too long ago that the company acquired the Shoppers Drug Mart chain of stores.

With an aging baby boomer population, it's expected that spending on health care and prescriptions will outpace the growth of the broader population.

On top of that, Shoppers Drug Mart has recently expressed an interest in selling marijuana out of its retail locations, which, if successful, could provide an added boost of growth for the company.

Interestingly enough, **Molson Coors Canada Inc.** (TSX:TPX.B)(NYSE:TAP) is another billion-dollar food and beverage company that has recently expressed an interest in getting into the soon-to-be-legalized marijuana market.

A report out of *Bloomberg* suggested that Molson has been in serious discussions with as many as four licensed marijuana producers to get involved in the newly minted industry.

Rumours are that Molson is looking to create marijuana-infused beverages that it hopes could help offset its beer sales, which are facing a mild slowdown in North American markets.

Restaurant Brands International Inc. (TSX:QSR)(NYSE:QSR) is probably best known as the parent company of iconic Canadian brand Tim Hortons.

Restaurant Brands owns several other fast-food chains, including Burger King and Popeyes.

The company has done a good job of diversifying itself across a variety of segments and geography, both of which only serve to reduce the risk of this 2.93% yielding large-cap stock.

Saputo Inc. (TSX:SAP) is the largest dairy processor in Canada, but it also has significant operations in the United States as well as Australia.

Recent threats out of the U.S. about disrupting Canada's supply-management system add a little bit of added uncertainty to this stock.

Depending on how things shake out between North American negotiators, this one could be worth the extra risk for Foolish investors.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:QSR (Restaurant Brands International Inc.)
2. NYSE:TAP (Molson Coors Beverage Company)
3. TSX:L (Loblaw Companies Limited)
4. TSX:MRU (Metro Inc.)
5. TSX:QSR (Restaurant Brands International Inc.)
6. TSX:SAP (Saputo Inc.)
7. TSX:TPX.B (Molson Coors Canada Inc.)

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Date
2025/08/26
Date Created
2018/06/28
Author
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