



## So You Think You Know Canada's Top 5 Defensive Stocks? Think Again!

### Description

For the sake of this list, I'm going to define defensive stocks with very specific parameters beyond the traditionally "defensive" sectors: the companies I've chosen had to have over \$1 billion in market caps, excellent financial health, reasonable P/E ratios, decent past growth of earnings, and at least some kind of dividend.

If you thought stocks like that were few and far between on the TSX, I managed to find at least five. Without further ado, let's take a look at some of the best Canadian stocks to put your money behind and strengthen your investment portfolio, while stuffing some sturdy passive income in your wallet.

#### Lundin Mining ([TSX:LUN](#))

With a market cap of \$5 billion, what you have here is one of the most defensive mining stocks on the TSX. A P/E ratio of 9.5 times earnings is cooler than both the market and the Canadian mining industry, while a dividend yield of 1.27% and very low debt level of 10.6% of net worth make for a stock worth buying and holding.

Lundin Mining's past performance is peachy, too: a one-year past earnings growth of 79.7% is excellent and beats its own five-year average past earnings growth of 15.8%; this is particularly impressive when you remember that the market itself only grew by 14.9% in the past year.

#### Enbridge Income Fund ([TSX:ENF](#))

A market cap \$6 billion qualifies this stock for list, with an industry and market-beating P/E ratio of 5.3 times earnings signaling good value. A five-year average past earnings growth of 38.6% is good to see in any energy-related stock, while this debt-free ticker also pays a jolly dividend yield of 6.77% at its current price.

#### Canadian Imperial Bank of Commerce ([TSX:CM](#))([NYSE:CM](#))

You can't go wrong with a market cap of \$55 billion; a P/E of 10.8 times earnings isn't bad, either. In terms of past performance, [CIBC's](#) one-year past earnings growth of 14.5% beats the Canadian

banking sector's 10% average for the same period as well as its own five-year average past earnings growth of 10.3%. An acceptable ratio of non-loan assets is held by this handsome 4.38% dividend yield payer.

### **West Fraser Timber (TSX:WFT)**

This forest product stock has a respectable market cap of \$6 billion, which makes it fit for our list. A P/E of 6.9 times earnings makes for a market and industry-trouncing ratio and a good indicator of attractive undervaluation.

An astounding one-year past earnings growth of 91.2% clearly mirrors the Canadian forestry average of 90.7% for the same period and smashes its own five-year average past earnings growth of 21.7%. Meanwhile, a dividend yield of 1.03% and good debt level of 22% of net worth means it's a good pick for your TFSA or RRSP.

### **Lassonde Industries ([TSX:LAS.A](#))**

You'll notice that aside, indirectly, from Enbridge Income Fund, there are no oil stocks on this list. The only liquid defensive enough to invest in at the moment seems to be [fruit and vegetable juice](#)!

Lassonde Industries's market cap of \$2 billion is reassuringly solid. Meanwhile, a P/E ratio of 17.9 times earnings beats the Canadian food industry average, but slightly overshoots the market. A one-year past earnings growth of 24.6% beats its own five-year average past earnings growth of 16.1%. Looking to hold long term? A dividend yield of 1.41% coupled with a passable debt level of 55.6% of net worth suggests this is a contender.

### **The bottom line**

While Enbridge Income Fund gets its fair share of airtime, and mining and financials are part of the very backbone of the TSX index, West Fraser Timber beats Lassonde Industries here as an unsung defensive hero of Canadian stocks. Consider all five, though, to beef up your portfolio in one pre-diversified power play.

### **CATEGORY**

1. Bank Stocks
2. Dividend Stocks
3. Energy Stocks
4. Investing
5. Metals and Mining Stocks
6. Stocks for Beginners

### **TICKERS GLOBAL**

1. NYSE:CM (Canadian Imperial Bank of Commerce)
2. TSX:CM (Canadian Imperial Bank of Commerce)
3. TSX:LAS.A (Lassonde Industries Inc.)
4. TSX:LUN (Lundin Mining Corporation)
5. TSX:WFG (West Fraser Timber Co. Ltd.)

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