Has This Volatile Market Got You Thinking of Going Defensive?

Description

The **S&P/TSX Composite Index** started this year trading at over $16,400. It proceeded to fall 8% over the following month, subsequently rose 10% to peak at over $16,500 this summer, then fell more than 10% to lows of below $15,000 in November.

That's a wild ride for any stock, but it's especially wild considering this is the S&P/TSX Composite Index I am talking about.

It's a sign of the times.

If this makes you nervous and you are thinking of going defensive, here are three defensive stocks to consider adding to your portfolio.

Canadian Imperial Bank of Commerce (TSX:CM)(NYSE:CM)

In the last 10 years, the stock has returned 116%, and although this is one of the lowest returns among Canadian bank stocks, its dividend yield has consistently been higher than the rest.

CIBC stock's dividend yield is currently 4.77%.

Rising interest rates, a strong balance sheet and capital ratios, and a focus on retail and business banking, and now, wealth management will drive the performance of the stock going forward.

This bank is going full steam ahead in the wealth management business and in its U.S. expansion, but it is doing so while minimizing the risks inherent in the business.

Chartwell Retirement Residences (TSX:CSH.UN)

Chartwell, the largest provider and owner of senior-housing communities from independent living to long-term care, has been benefiting from rising occupancy levels, as an uptick in demand has been accompanied by a stagnant supply of seniors' housing.

With a 4% dividend yield, four consecutive years of cash distribution increases, and a quality portfolio of properties, Chartwell is a solid defensive investment that is well positioned for the future.

In its latest quarter, Chartwell reported a 6% increase in funds from operations, but the real story here is the long-term trend, as a doubling of people over the age of 75 in the next 20 years will provide a big boost to demand.

Going forward, the company has a strong pipeline of opportunities to expand its portfolio of senior-housing developments as well as a plethora of opportunities to continue to expand its support services that are offered in house.

Pembina Pipeline (TSX:PPL)(NYSE:PBA)

Pembina is a pipeline and midstream company whose stock is currently yielding an attractive 5.05%.

And this dividend has been increased annually by approximately 5%, so investors also get good dividend growth with this stock.

While the payout ratio became elevated a couple of years ago, the company has and will continue to get it down to more comfortable levels in the next few years due to strong performance by the company’s premium assets as well as its attractive investment opportunities.

Pembina’s dividend coverage is strong, debt leverage is low, and need for capital form the equity markets is low, thereby making it a top pick for RRSP investors.

CATEGORY

1. Bank Stocks
2. Dividend Stocks
3. Energy Stocks
4. Investing

POST TAG

1. Editor's Choice

TICKERS GLOBAL

1. NYSE:CM (Canadian Imperial Bank of Commerce)
2. NYSE:PBA (Pembina Pipeline Corporation)
3. TSX:CM (Canadian Imperial Bank of Commerce)
4. TSX:CSH.UN (Chartwell Retirement Residences)
5. TSX:PPL (Pembina Pipeline Corporation)

PARTNER-FEEDS

1. Msn
2. Newscred
3. Sharewise
4. Yahoo CA

Category

1. Bank Stocks
2. Dividend Stocks
3. Energy Stocks
4. Investing

Tags

1. Editor's Choice

Date
2025/08/18
Date Created
2018/11/13
Author
karenjennifer