3 Fighting-Fit Dividend Stocks to Combat Uncertainty in the Markets

Description

With plenty of reasons for the dial on the fear and greed index to get stuck in the red later this year, Canadian investors may be looking to get into more defensive positions with their picks from the TSX. The following miniature spread of sturdy tickers represents infrastructure, banking, and energy — surely one of the soundest combinations of industries when it comes to offsetting potentially widespread negative investor sentiment.

TD Bank (TSX:TD)(NYSE:TD)

TD Bank is, without a doubt, one of the core stocks on the TSX index when it comes to a mix of value, passive income, and defensiveness. Down a fraction of a percent in the last five days, there's even been a marginal value opportunity over the last week or so. A spotless balance sheet and good-enough dividend yield of 3.59% would be the main hooks here.

In terms of a track record, TD Bank has done a good job of staying positive, with a one-year past earnings growth of 8.3% that comes in just under its 10.3% five-year average. Valuation is quantifiably fair, with a P/E of 12.4 times earnings and P/B of 1.8 times book. When it comes to TD Bank's outlook for the next one to three years, a 8.1% expected annual growth in earnings continues its current trend and adds up to another reason to buy and hold.

Fortis (TSX:FTS)(NYSE:FTS)

Down 1.57% in the last five days, it seems it's the rare stock that's on a tear at the moment if even this stalwart of the TSX index is shedding value. Fortis's one-year earnings are down 4.4%, though there has been healthy growth of 24.7% on average over the past five years. An encouraging volume of shares changed hands via inside buying over the last few months, with a dividend yield of 3.81% adding to the reasons to buy for the long term.

Though Fortis carries a comparative 130.1% of debt and is looking at a potentially low 5.8% expected annual growth in earnings, its position in the market is solid, and per-asset valuation looks good with a

P/B ratio below the market average at 1.4 times book.

Canadian National Railway (TSX:CNR)(NYSE:CNI)

A dividend yield of 1.99% and 5.9% expected annual growth in earnings fits a pattern inherent in the TSX index, wherein the best defensive positions don't necessarily pay the most money and aren't necessarily going to produce the highest upside. But this is par for the course and comes with the territory if slow and steady is your preferred way to win the investment race. Also fitting the pattern is a P/E ratio of 18.4 times earnings signalling decent valuation.

Down 0.63% in the last five days and with more inside selling than buying of shares over the past three months, Canadian National Railway may have some of the less risk-tolerant investors out there scratching their heads. However, an expected three-year ROE of 24.8% and a past year ROE of 25% show that this is a quality stock, while a five-year average past earnings growth of 14.3% demonstrates that this stock is on the right track.

The bottom line

Value opportunities abound at the moment on the TSX index, with three mega-stocks trading at attractive prices and offering decent dividends in stable sectors. If your portfolio could do with a bit of backbone ahead of a potential widespread market upset, the three tough tickers above may be good places to start looking.

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1. Bank Stocks
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TICKERS GLOBAL

1. NYSE:CNI (Canadian National Railway Company)
2. NYSE:FTS (Fortis Inc.)
3. NYSE:TD (The Toronto-Dominion Bank)
4. TSX:CNR (Canadian National Railway Company)
5. TSX:FTS (Fortis Inc.)
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vhetherington