



Are Jittery Investors Missing Out on These Defensive Stocks?

Description

Retail, autos, gold, and renewable energy make an interesting blend of consumer cyclical and [recession-ready industries](#), and a group of representative stocks would add ready diversification to a dividend portfolio. But are they beyond the ordinary scope of defensive TSX index investors? Below we will take a look through the vital stats for a few tickers that represent this handful of sectors in order to ascertain the strength of their buy signals.

TransAlta Renewables ([TSX:RNW](#))

With a high one-year past earnings-growth rate that far exceeds its own pedestrian five-year average of 7.5%, TransAlta Renewables is the outperforming TSX index green-power stock you didn't know you needed. It's fairly healthy, carrying threshold-level debt at 44.1% of net worth, and it's fairly valued, with a P/E of 17.7 times earnings and P/B of 1.4 times book around market weight.

If you're looking for a reason to buy this ethical investors' favourite, look no further than a chunky dividend yield of 7.67% — though with just under two weeks until it trades ex-dividend, you'll have to make a snap decision if you want to be in line for its next payment. An 8.2% expected annual growth in earnings is on the low side but signals a stock that's still on the up.

Linamar ([TSX:LNR](#))

Trading at book price and with a 31% discount against its value as per future cash flow, Linamar is one of the biggest auto parts stocks on the TSX index. It's got a decent track record, with a 13.5% 12-month earnings growth just below its five-year average and pays a small dividend yield of 0.92%. Multiples such as its P/B ratio and a low P/E of 5.6 times earnings suggest undervaluation, as does that deep discount

While its outlook is also on the low side at 0.6% expected annual growth in earnings, Linamar insiders have picked up more shares than they sold by in the last few months, and in substantial volumes.

Barrick Gold ([TSX:ABX](#))(NYSE:GOLD)

More shares have been bought than sold by Barrick Gold insiders in the past three months in significant volumes; indeed, the past 12 months has seen solid inside buying. Down 9.43% in the last five days, it even looks as though there's a possible value opportunity in this popular TSX index mining stock.

Barrick Gold's positive five-year average past earnings growth of 56.6% mitigates a negative past 12 months, and it pays a dividend yield of 1.28% backed up with a noteworthy 91.4% expected annual growth in earnings.

North West Company ([TSX:NWC](#))

Affordable grocery retail has to be one of the mainstays of a comprehensive defensive stock landscape, and North West Company has to be one of the most attractive on the TSX index. It's a high-quality stock, with a 22% past year ROE and a good year under its belt (see a one-year earnings-growth rate of 33.6%). Though its balance sheet may not be the best (North West Company carries 94.4% debt), and its P/B of 3.9 times book suggests overvaluation, its dividend yield of 3.96% may make a suitable addition to a passive-income portfolio.

The bottom line

Though there may be pitfalls to picking up consumer cyclical stocks ahead of a potential market downturn (for instance, North West Company's projected 14.4% drop-off in earnings), the TSX index holds a range of stocks that may offer [hidden defensiveness](#). Groceries, precious metals, auto parts, and energy producers are all core facets of a functioning modern society, and as such are likely to weather a potential recession.

CATEGORY

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

TICKERS GLOBAL

1. NYSE:B (Barrick Mining)
2. TSX:ABX (Barrick Mining)
3. TSX:LNR (Linamar Corporation)
4. TSX:NWC (The North West Company Inc.)
5. TSX:RNW (TransAlta Renewables)

PARTNER-FEEDS

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

Category

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

Date

2025/08/20

Date Created

2019/03/02

Author

vhetherington

default watermark

default watermark