Is it Time to Get Defensive? Here Are 3 Stocks to Get You Started

Description

Is the market making you increasingly nervous? Are you looking for a way to shelter your money from possible upcoming shocks?

The market continues to rise.

Investors remain on the optimistic side of things.

But with risks mounting, you may be asking yourself if now is finally the time to start getting defensive in your portfolios.

Here are three defensive stocks that can get you started on the road to ensuring capital preservation in difficult times.

CCL Industries (TSX:CCL.B)

CCL Industries continues to generate shareholder value and solid growth in a relatively defensive business.

This $10 billion label and packaging company has grown consistently and profitably over the last 10 years, creating shareholder wealth through both capital appreciation and dividend payments.

In fact, the company has grown from revenue of $1.2 billion in 2009 to revenue of $5.2 billion in 2018 for a compound annual growth rate of 17.7%.

And the corresponding increase in free cash flow has been even more impressive. In 2009, the company generated $52.3 million in free cash flow. In 2018, it generated $420 million for a compound annual growth rate of 26%.

The business remains strong and predictable, and with the release of 2018 results, CCL management increased its annual dividend by 31% to $0.68 per share for a current dividend yield of 1.24%.

Waste Connections (TSX:WCN)(NYSE:WCN)

Another defensive stock is Waste Connections, which has been beating expectations, raising its dividend, and seeing its stock soaring in the last year.

With a 24% dividend-growth rate in 2016, a 17% dividend increase in the third quarter of 2017, a 16% increase in 2018, and a more than 150% return since January 2016, Waste Connections has given investors the best of two worlds: dividend income and growth, and capital appreciation.

Waste Connections is the third-largest solid waste company in North America, and with size and a clean balance sheet on its side, the company is well positioned to continue to return cash to shareholders and pursue its goal of continuing to consolidate its fragmented industry through acquisitions.

Alimentation Couche-Tard (TSX:ATD.B)

Alimentation Couche-Tard is still hovering near all-time highs, as the company has been firing on all cylinders and as investor sentiment has been shifting toward more defensive stocks.

With a global network of 10,000 stores globally, the company has a history of profitably growing, both organically and through acquisitions.

Strong cash flows are a key characteristic of the company's business model, as demonstrated by the company's free cash flow generation (excluding acquisitions) of approximately $3 billion in the last three years, its 8.6% five-year compound annual growth rate in operating cash flow, and its respectable free cash flow margin of over 2%.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:WCN (Waste Connections)
2. TSX:CCL.B (CCL Industries)
3. TSX:WCN (Waste Connections)

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Author
karenjennifer