4 Defensive Stocks to Grow Your Wealth in a Dividend Portfolio

Description

From oil and gas to metals and healthcare, there are some solid choices for a long-term investor looking to stack shares in dividend-paying companies on TSX index. These are some of the most defensive areas of investment, operating in sectors that are likely to outrun even a deep and widespread market downturn. Let's take a look at some representative stocks.

Enbridge (TSX:ENB)(NYSE:ENB)

This ubiquitous utilities stock saw 12-month returns of 34.3% that beat the Canadian oil and gas industry as well as the TSX index itself. Despite a slightly negative one-year past earnings-growth rate, Enbridge's track record is solid, with a five-year average past earnings growth of 33%.

While some of Enbridge's stats leave something to be desired, such as high debt at 88.7% of net worth signifying a pedestrian balance sheet, and the fact that Enbridge insiders have sold more shares than they have bought in the past three months, the oil and gas giant's dividend yield of 5.83% is suitably sizable, while a 34.4% expected annual growth in earnings is significantly strong.

Savaria (TSX:SIS)

More of a necessity than a luxury, Savaria's mobility products make this your go-to high-end healthcare stock and a solid play in the capital goods space on the TSX index. A five-year average earnings-growth rate of 29.9% puts Savaria ahead of the game and makes up for a slightly negative one-year past earnings-growth rate, while a dividend yield of 3.19%, matched with a projected 26.4% rise in earnings, make for a potentially lucrative — and defensive — investment.

Canadian Natural Resources (TSX:CNQ)(NYSE:CNQ)

An expected 14.9% annual growth in earnings make this energy ticker suitable for an RRIF or other retirement plan. Canadian Natural Resources is a popular oil and gas stock that pays a dividend yield of 3.58%, with payments that have both risen and been stable over the past 10 years. Its stats are a little on the weak side, though, with a one-year past earnings growth of 8.1% and a return on equity of 8% past year.

Lundin Mining (TSX:LUN)

Down 6.62% in the last five days, Lundin Mining went on a tear at the end of last week, with five-day gains of 15.27% at one point that have since evaporated. That bubble burst quite quickly, with its share price dropping 3% at close of play within 24 hours at one stage over the weekend. Still, it's good to know that Lundin Mining's share price can still surge on mining bullishness.

Investors may want to buy this stock on the dip, since it's a solid all-rounder: with a five-year average past earnings growth of 21.6% with a clean balance sheet to match an overall positive track record, Lundin Mining matches good value (see a P/B of 1.1 times book) with a dividend yield of 1.55% and a decent 23.9% annual growth in earnings on the horizon.

The bottom line

Enbridge's valuation is good enough, with a P/E of 34.7 times earnings and P/B of 1.7 times book, beating Savaria's P/B of three times book. Canadian Natural Resources is a little healthier than Enbridge, however, carrying lower debt at 64.5% of net worth, and boasts better valuation, too, with a P/E of 19.7 times earnings. For defensive dividends, a diversified mix might therefore be Savaria with Canadian Natural Resources and Lundin Mining.

CATEGORY

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2. Energy Stocks
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TICKERS GLOBAL

1. NYSE:CNQ (Canadian Natural Resources)
2. NYSE:ENB (Enbridge Inc.)
3. TSX:CNQ (Canadian Natural Resources Limited)
4. TSX:ENB (Enbridge Inc.)
5. TSX:LUN (Lundin Mining Corporation)
6. TSX:SIS (Savaria Corporation)

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Date
2025/08/24
Date Created
2019/04/26
Author
vhetherington