3 Dividend Stocks for Defensive Investors

Description

Following the dismal holiday period at the close of 2018, the market roared to life in 2019, erasing losses and providing investors with double-digit gains across the board. As impressive as those gains are, the importance of diversifying your portfolio to include defensive investments that are less prone to market slowdowns is always a good option.

Here are three viable investment options that will not only prevail over a market slowdown but provide handsome income-producing opportunities for years to come.

Canadian National Railway (TSX:CNR)(NYSE:CNI) is Canada's largest railroad, with a sprawling network that cuts through nearly every major metro in the country to reach the Atlantic and Pacific as well as through the U.S. Midwest to the Gulf coast. That access to three coastlines is a unique factor that no other railroad on the continent can attest to, but it is CN's business itself that handily places the railroad as a must-have buy.

CN hauls upwards of $250 billion worth of goods each year to ports, warehouses, and storage facilities across the continent, and in doing so acts as an arterial vein over the entire North American economy. Trains carry more freight than any other type, and that not only puts CN in a position of necessity but also as a health gauge over the entire market that is not going to disappear any time soon.

In terms of a dividend, CN offers investors a respectable 1.73% quarterly yield, which as seen annual or better healthy upticks and a compound annual dividend-growth rate that has returned double-digit results for over two decades. For income-seeking investors, that factor alone may be reason enough to consider adding the railroad as a long-term option.

Utilities represent some of the most sought-after defensive investments on the market, and **Fortis** (TSX:FTS)(NYSE:FTS) is a prime candidate for nearly any portfolio. Fortis has a well-diversified portfolio of assets that span across Canada and into the U.S. as well as into the Caribbean.

The appeal of a utility investment stems from its stable and recurring source of revenue, which is locked down in PPAs that often span several decades. That steady stream of revenue often results in shareholders receiving a handsome dividend for their investment, which Fortis does offer, but that yield often comes at the cost of fewer growth opportunities.

This is where Fortis differs; the company not only offers a compelling quarterly dividend that provides a healthy 3.63% yield with four decades of annual dividend hikes, but Fortis has also maintained an aggressive stance to expansion, which has helped keep that annual growth to 6% or better and steadily increase Fortis's size to the point where the company is now one of the top 15 utilities on the continent.

One last area for defensive investors to consider is a telecom investment. **BCE** (TSX:BCE)(NYSE:BCE) should be top of mind. Apart from offering the typical subscription services of wired, wireless, internet, and TV packages, BCE also has a sizable media empire that includes stakes in professional sports teams as well as radio and TV stations. In other words, BCE casts a wide moat around the entire economy, which, for a defensive investment, is a great thing to have.

BCE's wireless service is also a great source of long-term growth for the company. Wireless data connections have gone from being an additional form of communication to a must-have part of our daily lives in a little under a decade, and as the scope and function of the apps we use continue to expand, so too does our insatiable need for data.

As a dividend investment, BCE provides an appetizing 5.29% quarterly payout, and BCE is one of just a handful of companies on the market today that has been providing that dividend for well over a century, making it a perfect buy-and-forget candidate for income seekers.

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Author
dafxentiou