



## 2 Defensive Stock Picks Leading Into 2020

### Description

There are increasing signs across the market that we are heading towards a slowdown, which is a natural part of the economic cycle. If the market is truly heading towards a period of contraction, the need to diversify into more defensive holdings is becoming more apparent.

Fortunately, there are plenty of investments on the market today that are defensive enough to withstand a slowdown, while also providing an avenue for long-term growth and income-earning potential.

### Power your portfolio safely into the future

**Fortis** ([TSX:FTS](#))([NYSE:FTS](#)) is one of the largest utilities on the continent, with operations in Canada, the U.S., and the Caribbean. Fortis boasts a \$52 billion portfolio of electric and gas assets, which serves 3.3 million customers.

Fortis's business is incredibly stable, which is one reason why investors looking for a buy-and-forget investment turn to Fortis. Utilities are well known for their wide moats and regulated contracts, which provide a stable and recurring source of revenue.

That recurring source of revenue helps feed both Fortis's growth plans as well as the company's attractive dividend, which currently pays a respectable 3.45% yield. Investors looking for long-term gains can take solace in the fact that Fortis has provided generous annual hikes to that dividend for 45 consecutive years, and a 46th annual hike in the form of a 6.1% bump was already announced and due to arrive in the fourth quarter.

In terms of results, Fortis will provide an update on the third fiscal in a few weeks from now. In the second quarter, the company earned \$720 million, or \$1.66 per share, compared to \$240 million, or \$0.57 per common share, earned in the same period last year. The bump in earnings was largely attributed to the \$484 million, or \$1.12 per common share, sale of the Waneta Expansion Hydroelectric Project.

Fortis currently trades at just over \$55 with a P/E of 15.06.

## Your cellphone could make you rich

[Telecom stocks](#) are another great example of a perfect long-term defensive investment. **BCE** ([TSX:BCE](#))([NYSE:BCE](#)) in particular offers investors an appetizing dividend and a wide moat that should be on the radar of any long-term investor.

In addition to offering the typical core subscription services (more on that in a moment), BCE has a sprawling media empire that includes countless TV and radio stations as well as an interest in professional sports teams. Collectively, BCE's reach blankets the country with multiple revenue streams, making this an ideal investment for nearly any portfolio.

Across all of BCE's subscription offerings, the untapped potential of the wireless segment remains the one that investors should focus on. Wireless access to the internet remains the single most important aspect of our connected life. We are constantly on our devices, chewing through our data allowances, to the joy of BCE. In terms of wireless growth, in the most recent quarter, BCE announced its best wireless net subscriber additions since 2001, with 149,000 net additions reflecting a 30.6% year-over-year improvement.

That's not to say BCE's other segments aren't seeing growth. BCE's internet and IPTV segments saw an 8.2% increase of 19,400 subscribers in the most recent quarter. Overall BCE reported earnings of \$817 million, or \$0.94 per adjusted share, reflecting a 9.3% per adjusted share increase over the same period last year.

Turning to dividends, BCE's quarterly distribution provides an appetizing 4.91% yield that continues to see handsome annual upticks. The most recent hike was reflected in March of this year.

BCE currently trades at \$64 with a P/E of 19.92.

## Final thoughts

Navigating a market slowdown takes patience and time. Both Fortis and BCE are [stable long-term investments](#) that will not only weather any prolonged slowdown but also continue to provide a reliable source of income. Buy them, hold them, and forget about them for a decade or more.

### CATEGORY

1. Dividend Stocks
2. Investing

### TICKERS GLOBAL

1. NYSE:BCE (BCE Inc.)
2. NYSE:FTS (Fortis Inc.)
3. TSX:BCE (BCE Inc.)
4. TSX:FTS (Fortis Inc.)

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