



## Buy-and-Hold This Pair of Energy Stocks for Defensive Dividends

### Description

Energy investors have had a lot to mull over lately. The depressed sector saw eight companies dropped from the S&P TSX Composite Index in September and not a week goes by without energy dragging on an already flat market.

Just five years ago, energy companies made up almost a quarter of the TSX index. Today that figure is 17%, and the development is a warning clarion in already uncertain times.

Investor concerns and cheap gas aren't helping, either. The decline, which has seen companies like **TORC Oil & Gas** and **NuVista Energy** relegated to the pile of has-beens, underlines the lack of faith among TSX stockholders when it comes to traditional energy production.

However, with massive crude reserves and a Prime Minister committed to pushing through pipeline developments, the sector could boom in coming years. Indeed, a minority Liberal government could find it easier to push ahead with pipeline projects without having to compromise with a coalition.

## Investment opportunity abounds in the energy sector

There are a lot of bargains out there at the moment, and with them come some significantly high yields. Energy remains one of the classic defensive areas of stock investment, and while the momentum has been missing for some time, fresh blood could be injected into the Canadian power landscape as pipelines are brought up to speed and renewables continue to impress.

Buying and holding a "perfect" stock is a surefire way to create wealth in a portfolio if your financial horizons are wide and low-maintenance businesses are the order of the day.

Today we'll look at pairing **Brookfield Renewable Partners** ([TSX:BEP.UN](#))([NYSE:BEP](#)) and **Vermilion Energy** ([TSX:VET](#))([NYSE:VET](#)) as a way of bulking up a long-term stock portfolio.

Brookfield Renewable Partners is one of the best plays on the TSX for green power. Its dividend yield of 4.95% qualifies it for a place in a long-range defensive dividend portfolio, while its mix of energy

sources and global regions makes it substantially diversified.

For the ethical investor, the green economy makes for a smart way to generate income through [businesses that generate energy from renewable sources](#). Brookfield's hydro and wind farms make it a perfect stock for low-carbon investing, while its operational footprint in Colombia, Brazil, Europe, North America and beyond ensures that investors avoid overexposure to any single region.

For a sizeable monthly dividend, energy investors can't beat Vermilion's 13.7%. A dividend stock that generates a fair amount of newspaper print as a high-yield play in the fossil fuel space, it is one of the few outside the midstreamers that has continued to keep its distribution covered even through periods of lower oil prices. What's more, Vermilion has not had to resort to selling non-core assets in order to do so.

## The bottom line

A stock that would fit perfectly in a TFSA or RRSP built around defensive dividends, Brookfield taps into the [high-growth green economy trend](#). Vermilion pairs nicely with Brookfield, offering exposure to another side of Canadian energy and offering a high yield that investors can lock in once and forget about.

### CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing
4. Stocks for Beginners

### TICKERS GLOBAL

1. NYSE:BEP (Brookfield Renewable Partners L.P.)
2. NYSE:VET (Vermilion Energy)
3. TSX:BEP.UN (Brookfield Renewable Partners L.P.)
4. TSX:VET (Vermilion Energy Inc.)

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