Defensive Investors: Turn Here for Long-Term Gains!

Description

The market may have eased off the volatility we saw this past summer, but there are still some vocal critics that believe we are well overdue for a correction.

While there is an argument to be made around that theory, there's no harm in solidifying your portfolio with an assortment of defensive investments, particularly those that provide a healthy dividend.

Here are a few defensive picks to shore up your portfolio.

Look for the long-term utility in this investment

Utilities are perfect investments for defensive investors. The appeal of a utility stems from its stable business model, which provides a recurring source of revenue to the utility, which is in turn passed on to investors in the form of a dividend.

While there are several compelling utilities to consider adding to your portfolio, **Fortis** (TSX:FTS)(NYSE:FTS) remains a top pick for long-term investors.

What exactly makes Fortis a great long-term pick? It comes down to the following points.

First, I already mentioned that utilities benefit from a stable business model. In addition to that stability, Fortis is *huge*. Fortis is one of the 15 largest utilities on the continent, with coverage that blankets Canada, the U.S. and several Caribbean nations. This adds an element of diversification into the mix, increasing Fortis' appeal.

Second, let's talk dividends. Fortis provides a quarterly payout that works out to a respectable 3.60% yield.
While this isn't the most impressive of yields on the market, it's one of the most secure.

Fortis has an established cadence of providing investors with a handsome annual uptick to that dividend that currently extends back over 45 years. Additionally, the company has already committed to further increases of at least 6% through the next few years.

Fortis currently trades at just shy of $53 with a P/E of 14.40 at writing.

What's more defensive than a telecom?

BCE (TSX:BCE)(NYSE:BCE) is one of the largest telecoms in the country and another prime example of a great defensive option for your portfolio. In addition to the core subscription services that BCE offers, the company also boasts an impressive portfolio of holdings that includes TV and radio stations as well as an interest in professional sports teams.

Critics often point to the staggering debt levels of telecoms and the "cord-cutter" craze among subscribers as reasons to be wary of investing in telecoms such as BCE.

While there is some truth to that argument, a better way to categorize that argument would be to note a shift in consumer preferences, particularly toward wireless connections. Wireless devices are now widespread, replacing dozens if not hundreds of standalone devices in just a little over a decade.

To further that point, BCE continues to drop billions into upgrading its network, improving its infrastructure, and in turn, attracting new data-hungry subscribers.

By example, in the most recent quarter, BCE realized 204,067 net wireless additions, setting a quarterly record and shattering the number of new additions set in the same quarter last year by 14.8%.

Adjusted EBITDA saw an equally impressive bump of 5.6% in the quarter, while net earnings came in at $922 million in the quarter.

In terms of a dividend, BCE offers a quarterly distribution that amounts to a solid 4.99% yield. As far as stability, BCE is one of just a handful of companies that has been rewarding shareholders for well over a century.

Final thoughts

There are plenty of outstanding dividend investments on the market. Unfortunately, many of those investments are susceptible to shifts in the overall economy, meaning that a slowdown could lead to that appetizing dividend being slashed.

Both BCE and Fortis offer investors some stability in that regard, while also offering an attractive payout, making them both excellent defensive holdings.

CATEGORY

1. Investing

TICKERS GLOBAL

1. NYSE:BCE (BCE Inc.)
2. NYSE:FTS (Fortis Inc.)

3. TSX:BCE (BCE Inc.)
4. TSX:FTS (Fortis Inc.)

PARTNER-FEEDS

1. Business Insider
2. Msn
3. Newscred
4. Sharewise
5. Yahoo CA

Category

1. Investing

Date
2025/08/14
Date Created
2019/12/02
Author
dafxentiou