Canadian Defensive Stocks To Buy Now

Description

With the market well into correction territory, the importance of diversifying with defensive investments has never been greater. Fortunately, there are plenty of options for investors to consider now, many of which trade at a huge discount.

Here are three defensive stocks to consider for your portfolio today.

Power up your defensive portfolio

Fortis (TSX:FTS)(NYSE:FTS) is one of the largest utilities in North America. Fortis boasts an impressive portfolio that spans parts of Canada, the U.S., and the Caribbean.

That large portfolio is largely thanks to an insatiable appetite for growth. Over the past few decades, Fortis expanded from a $400 million company into the $50+ billion behemoth it is today.

Utilities are often viewed as some of the best defensive stocks to carry in a portfolio. Part of the reason for that stems from the necessary service they provide, and the handsome dividends they offer.

That attractiveness has made Fortis less volatile than other stocks, and as at the time of writing, the stock is still showing a 7% gain since the start of the year.

In terms of a dividend, Fortis offers a quarterly distribution with a yield of 3.27%. Adding to that appeal, Fortis has provided investors with an annual uptick to that divided for 46 consecutive years.

Put money on the defense

Toronto-Dominion Bank (TSX:TD)(NYSE:TD) is one of the largest and most well-known banks in Canada. What some investors may not realize is that TD actually has a larger presence in the U.S. than here at home — a growing U.S. footprint that's contributing handsomely to earnings.

How was TD able to establish itself as one of the largest banks in the lucrative U.S. market? During the

Great Recession, TD acquired a series of regional banks and rebranded them. Today those over 1,200 branches constitute a network under a single name that stretches from Maine to Florida.

TD excels as a buy-and-forget stock. TD currently offers an attractive 4.70% yield and has provided annual bumps to that payout for well over two decades.

In terms of results, in the most recent quarter, TD earned $2.9 billion, 3% lower than the same period in the prior year on an adjusted basis. Most of that difference was attributed to restructuring charges of $154 million.

During the quarter, the Canadian segment earned $1,773 million on an adjusted basis, while the U.S. retail segment earned $1,191 million, reflecting a solid increase of 7% over the same period last year.

In short, TD is the perfect defensive stock for long-term income-seeking investors.

Tune in or click here

While banks and utilities make great defensive holdings, there is one other growing segment of the market worth noting – telecoms.

Rogers Communications (TSX:RCI.B)(NYSE:RCI) is one of the Big Three telecoms in Canada. In addition to offering the standard subscription services that telecoms typically offer, Rogers has an impressive media empire of TV and radio stations.

What investors should really be focusing on when examining Rogers is the company’s booming wireless segment. Wireless data connections have become a major source of growth for telecoms in recent years, more than offsetting the decline in revenue from the cord-cutting movement.

More important, the data needs of those subscribers are constantly growing, which represents massive long-term growth potential.

By example, in the most recent quarter, Rogers added 131,000 postpaid subscribers to its network, representing a 17% surge over the same period last year.

Unlike Rogers peers that have maintained a solid string of annual or better dividend increases, Rogers provided investors with its first hike in several years last year as well as a share repurchase plan.

Despite the dividend hike, Rogers made no immediate commitment to providing additional annual upticks.

The rationale for that dividend hike hiatus was attributed to the company reinvesting heavily into improving its products and services offered, while also paying down its debt.

When those efforts bore fruit, Rogers rewarded shareholders by hiking its dividend to a respectable 3.12% yield.

Final thoughts

One of Warren Buffet's most known quotes is to be greedy when others are fearful. With market volatility (and by extension, fear) at a high, this translates into a good time to pick up one more of these defensive stocks today.

Buy them and hold them.

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2. NYSE:RCI (Rogers Communications Inc.)
3. NYSE:TD (The Toronto-Dominion Bank)
4. TSX:FTS (Fortis Inc.)
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