5 Defensive TSX Stocks to Buy Now

Description

When it comes to investing in today's environment, there's no question investors should be buying defensive **TSX** stocks.

You shouldn't necessarily go overboard and fill your portfolio entirely with defensive stocks. However, you should make sure to have an adequate amount of stability, so your portfolio can withstand a period of lower economic activity.

And with there being so many unknowns today, loading up with defensive stocks first seems like the prudent strategy.

There are numerous defensive stocks to consider, though, and investors have been bidding up the shares for weeks. Which defensive stocks should investors consider buying?

Here are the top five defensive TSX stocks to invest in today.

TSX utility stock

Emera is one of the top utilities on the TSX. More than 90% of its revenue is regulated and comes from gas and electricity utilities operating in numerous jurisdictions.

The highly regulated and diversified nature of its revenue makes its business extremely stable. This is exactly the type of stock you want to own through a recession.

Plus, not only is it a great defensive investment, but it's also a dividend-growth stock. That dividend yields roughly 4.5% today and should continue to grow from here.

TSX gold stock

Gold is always a safe-haven asset, but this environment is especially accommodating for gold prices. And with gold stocks, investors can get significant leverage to the price of gold.

One stock that has remarkable upside is **Equinox Gold**. The growing gold producer commenced operations in 2018 and has been ramping up production ever since.

At the moment, six of its mines are producing gold, and four are still in the growth stage. This is putting Equinox on track to produce one million ounces per year by 2023.

At a time when gold prices are set to skyrocket, Equinox's rapidly growing production makes it the perfect TSX stock for both defence and growth.

Midstream energy stock

Although midstream energy isn't a traditional defensive business, **Enbridge** has a highly defensive business model.

Most of its operations are only minimally impacted by current economic conditions. And the one major business that is at risk of being affected, its pipeline business, is extremely well positioned against its competitors.

Enbridge's operations have been so robust that management even reiterated the 2020 guidance for distributable cash flow, which was issued before the coronavirus.

And according to that guidance, the dividend, which yields more than 7%, will have a maximum payout ratio of 72%. In other words, the 7% dividend is extremely stable.

Green energy TSX stock

Green energy is a great business to invest in and a secular growth industry. One of the top green energy stocks on the TSX is **TransAlta Renewables**.

The company owns more than 2,500 megawatts of generating capacity across North America and Australia. Most of TransAlta's revenue is tied up in long-term power-purchase agreements, which helps to minimize risk.

It's already a highly defensive industry to begin with, which generally has inelastic demand. This stability is what keeps its 6.2% dividend so attractive.

Telecom stock

Last but not least is the best defensive stock in the telecom industry, **BCE**. The size and strength of BCE allow it to weather this market crash better than almost any stock on the TSX.

Management usually targets the dividend to have a payout ratio between 65% and 75%. This means that although there will be short-term pressure on BCE's cash flow, the dividend, which yields roughly

6%, should remain intact.

Furthermore, its robust operations have given management the confidence to continue its capex plan for 2020. This is unlike almost every other stock on the TSX, which has cut at least some of their capex to preserve cash.

Bottom line

Finding TSX stocks like these five will be crucial for investors to help navigate the ongoing crisis. These stocks all offer investors a combination of defensive attributes, robust operations, and the potential to outperform the market.

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