These 3 TSX Dividend Picks Will Armour Your Portfolio Against Market Uncertainty

Description

My unpopular popular view is that volatility is here to stay for some time. If you're of the same opinion and are looking for stable, defensive Canadian stocks, this article is for you.

Enbridge

There's a reason most Foolish advice regarding anything to do with defensiveness or cash flow stability eventually ends up in the pipeline sector. Energy infrastructure companies like **Enbridge Inc.** (TSX:ENB)(NYSE:ENB) are excellent options for investors seeking this type of exposure. Here are a few reasons why:

First, Enbridge is one of the few pipeline players with expansion projects that are under construction and (market consensus dictates) will be completed shortly. Pipelines themselves are rare assets. They are extremely hard to build and get approvals for.

Second, the company's contracts are generally of the take or pay or cost of service variety. This is bullish for those investors concerned about the cash flow stability. Finally, the company's dividend yield is approximately 7%. This allows patient, long-term investors to be paid to wait, a valuable factor any investor ought to consider in volatile times.

Loblaw

As far as defensive stocks go, **Loblaw Companies Ltd.** (TSX:L) is about as defensive as Canadian investors can get. This grocery retailer has provided investors with relatively stable cash flow growth over time.

One driver of stability is the company's ownership of Shoppers Drug Mart. The company's valuation remains at a discount to appear like **Metro Inc.**. This is another great reason for value investors to consider Loblaw at these levels.

The mixed results I expect to come in the upcoming quarters may provide some stock price volatility as investors attempt to forecast sales. The cart loading with respect to staples like toilet paper at the onset of the pandemic is over.

Downside margin pressure from hero pay, increased supply chain costs, and health and safety measures like plexiglass installation at all locations makes this stock a difficult one to forecast near term. That said, over the long term, Loblaw should be a stable core defensive staff for investors.

TD Bank

Along with sector leader **Royal Bank of Canada**, **Toronto-Dominion Bank** (TSX:TD)(NYSE:TD) is a great defensive pick for long term investors. This bank is a powerhouse in retail banking in Canada and the U.S. market. TD therefore provides a high level of diversification for Canadian investors.

I expect we could see additional international acquisitions in the retail space should this sector continue to be hit hard. TD Bank has shown an aptitude for making well timed acquisitions.

TD also has a strong brokerage and wealth management business. These segments which are less economically sensitive. The bank's dividend has grown in line with its earnings historically over time, making TD's dividend a key component to its total return over the long term for investors.

TD is my top pick today for defensive investors seeking a Canadian bank in this market.

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2. NYSE:TD (The Toronto-Dominion Bank)
3. TSX:ENB (Enbridge Inc.)
4. TSX:L (Loblaw Companies Limited)
5. TSX:TD (The Toronto-Dominion Bank)

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