



Defensive Investing: 2 Reliable TSX Stalwarts

Description

Defensive investing is a suitable strategy for investors worried about short-term volatility in the stock market. Typically, these are investors with shorter investment timelines that don't have the time to ride out extended downturns in the market.

For long-term investors, all-out defensive investing is usually not optimal. This is because over a long enough period of time, you'll sacrifice too much in total returns in exchange for short-term stability.

However, it's a perfectly [feasible strategy](#) for investors looking at capital preservation and conservative growth with not a lot of runway left for time in the market. For these investors, more stable stocks are a good option to pursue.

Today, we'll look at two such TSX giants with characteristics suitable for defensive investing.

Loblaw

Loblaw ([TSX:L](#)) is the largest food retailer in Canada and operates various in-store and standalone pharmacies as well. It's a household name in the grocery space for Canadians.

During a rough time for stocks in 2020, Loblaw managed to post solid revenue figures. A fast launch of its online grocery ordering service surely helped.

Mainly, it was able to succeed while other stocks faltered, because it continued to do its thing — that is, provide essential food and household items to Canadians.

Its ability to protect investors from market swings is evidenced by its beta of -0.11. That means this stock tends to move in the opposite direction of the broader market.

When looking for defensive investing options, that's certainly an attractive characteristic. Any stock that can insulate you against heavy downturns is a stock worth noting.

Of course, Loblaw doesn't typically offer investors tremendous growth. Plus, as of this writing its dividend is 1.95%, which is a pretty paltry figure for investors hoping to generate income.

It might not be the flashiest investment, but 2020 has shown you can count on Loblaw. This grocery giant is positioned to continue delivering the goods for defensive investing enthusiasts going forward.

Fortis

Fortis ([TSX:FTS](#))([NYSE:FTS](#)) is a massive Canadian utility holding company with operations spanning multiple continents. As of this writing, it's trading at \$54.52.

Like with Loblaw, Fortis exhibits [defensive traits](#) largely due to the business it's in. Fortis delivers essential utility services that customers need no matter the circumstances.

Plus, Fortis delivers the vast majority of its services through regulated contracts. As such, its revenue sources are secure, predictable, and reliable.

This all translates to safe and consistent returns for investors. With a beta of 0.05, Fortis has barely any correlation to the market movements as well.

As of this writing, this defensive investing star is yielding 3.71%. So, investors will enjoy decent passive income while investing in Fortis.

Plus, Fortis has a solid track record for continuously growing its dividend over time. This should be music to the ears of defensive investing proponents looking for reliable income.

With strong footing in a non-cyclical business sector, Fortis makes for a solid defensive-oriented stock pick.

Defensive investing strategy

Both Loblaw and Fortis can be formidable additions to a defensive investing strategy. They both offer investors attractive defensive qualities that are ideal for shorter investment horizons.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:FTS (Fortis Inc.)
2. TSX:FTS (Fortis Inc.)
3. TSX:L (Loblaw Companies Limited)

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