Got $500? 3 TSX Stocks to Buy When Markets Are at All-Time Highs

Description

The **TSX Composite Index** is up almost 40% in the last 12 months. The markets might continue to trade stronger amid the ongoing economic recovery. However, if you are a conservative investor, it makes sense to move some part of your portfolio into defensive stocks. Here are three top defensive TSX stocks that offer stability and steady dividend payments in almost all types of markets.

Fortis

One of Canada's biggest utilities, **Fortis** (TSX:FTS)(NYSE:FTS) pays stable dividends and yields 3.7% at the moment. It has increased dividends for the last 47 consecutive years. Though Fortis does not offer superiorly higher yield, its dividends are stable, which could be highly comforting in these uncertain markets.

One major factor that drives Fortis's dividends is its earnings stability. The utility earns a majority of its earnings from rate-regulated operations, which offer stability and visibility. In case of market downturns and even during recessions, utilities like Fortis maintain their slow-but-stable earnings growth.

Utilities companies usually pay a large chunk of their earnings to shareholders as dividends, which is called a payout ratio. Fortis had a payout ratio of 67% last year, which is in line with the industry average.

Investors can expect consistently growing dividends from Fortis for the next several years, driven by its large regulated operations and stable earnings.

Canadian Natural Resources

The energy sector has been disdained by investors for years. However, some names like **Canadian Natural Resources** (TSX:CNQ)(NYSE:CNQ) have returned 125% in the last 12 months and still seem to have some upside left. Relatively better fundamentals and an improving outlook of energy markets have boosted CNQ stock recently.

Importantly, the stock yields a handsome 5% at the moment, higher than TSX stocks at large. CNQ has a strong balance sheet, which facilitated dividend increase, even amid the pandemic last year. Canadian Natural was among the very few to increase dividends last year when others chose to suspend shareholder payouts.

Canadian Natural has a diversified product portfolio that lowers the exposure to volatile prices of energy commodities. As economies normalize and travel restrictions ease post-pandemic, energy markets might further improve, eventually benefitting energy giants like Canadian Natural.

Notably, CNQ stock is trading at a substantially discounted valuation, despite its recent rally. It could continue to soar higher in 2021 and beyond, driven by potential earnings recovery and re-openings.

Absolute Software

Canadian cybersecurity software provider **Absolute Software** (TSX:ABT)(NASDAQ:ABST) could be an attractive pick for long-term investors. The stock has come down about 30% in the last couple of months. This could be a worthy opportunity for investors, as the company delivered decent earnings last quarter.

It also issued upbeat guidance for 2021. So, the recent correction could just be due to the overall weakness in the tech space.

Absolute Software provides security software and data risk-management services. The company will likely see higher demand as spending on digital security increases in the next few years.

Notably, Absolute is not a usual tech stock that offers high volatility and higher returns. It is a relatively slow-growing company with a large addressable market. Additionally, its slow stock movements offer a favourable risk/reward proposition for conservative investors.

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vinitkularni20