



## 1 Top Canadian Defensive Stock to Buy in 2021

### Description

The **TSX** is back on track as it continues to soar to new heights. Many experts agree that the prolific market could be [leaning towards the frothier side](#). Several indicators, including the CAPE ratio, warn that the market is in a substantially overvalued territory right now.

While these indicators are there to provide a better perspective on the state of the market, they are a supplement to any analysis. Investors can't fully rely on these figures to help them make investment decisions that are timed accurately to beat the markets in the short to medium term.

Nobody has an idea of where the market is truly headed. It would be a wise move to invest any additional cash into defensive assets that can help you weather the storm of inflation in the market.

Selling your assets and holding cash might seem like an ideal way to protect your capital. However, doing that will result in the loss of opportunities to grow your wealth. There are fewer risky assets that you can consider adding to your portfolio to protect your capital while maintaining decent figures for wealth growth.

### Overvaluation pitfalls in the market today

While looking for investment opportunities in the stock market, there are several market segments you need to be wary of so you can avoid riskier assets. The cryptocurrency world and Electric Vehicle (EV) markets might be booming right now. However, I would suggest steering clear of assets that promise stellar growth in a short time if you are worried about a substantial decline.

I will discuss a Canadian dividend stock that can continue to provide you with wealth growth while protecting you from the effects of a significant correction in the market.

### Top defensive dividend-payer

**Telus** ([TSX:T](#))([NYSE:TU](#)) could be an ideal defensive play to consider adding to your portfolio in the

current market environment. The telecom giant was surprisingly resilient through the worst period in 2020 as the pandemic saw many stocks fall off a cliff.

The company managed to do more than just weather the storm. Telus added more customers to its mobile and broadband services during 2020, even beating most of its peers in the telecom sector. Telus posted impressive figures for its first-quarter earnings report in fiscal 2021.

The company's revenues are up 9% year over year, despite the economic fallout from the pandemic. Telus is also improving its wireline business and beating its competitors. The demand for 5G-enabled products is also expected to increase in the coming months.

Telus has an aggressive capital spending plan to establish itself as a prominent player in the 5G segment. Telus' services could remain in high demand even during a troubled market, allowing it to provide its investors with substantial returns.

## Foolish takeaway

The TSX is back up to excellent levels as many equity securities trade for all-time high prices. While all the positive momentum seems attractive, you should consider practicing some caution with how you invest. Adding defensive assets to your portfolio could be an ideal way to protect your capital if the stock markets see a major correction in the coming years.

Given Telus' excellent performance, the momentum for its wireline services, and its strong position to capitalize on the incoming 5G boom, it could be an [ideal defensive asset](#) to protect your investment capital while growing your wealth in the long run.

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