



## 2 Defensive TSX Stock Picks for a Market Pullback

### Description

The final week for October 2021 saw the **S&P/TSX Composite Index** go through sudden and unexpected volatility. At writing, the Canadian benchmark index is up by almost 23%, hitting a new all-time high. Despite the sudden recovery and the Canadian stock market hitting a new all-time high, many investors might be [scared of a market pullback](#) being on the horizon.

The Bank of Canada has set its sights on interest rate hikes, and such a development has the potential to disrupt a market that has thoroughly enjoyed the relaxed monetary policies in the last few years. Today, I will discuss two defensive **TSX** stock picks for you to consider that could [provide some stability](#) to your investment portfolio in case of a downturn.

### Fortis

**Fortis** ([TSX:FTS](#))([NYSE:FTS](#)) is one of the top defensive assets on the TSX and a no-brainer for income investors who want to add bond proxies to their portfolios for reliable passive income regardless of market environments. Fortis Inc. is a utility holdings company with several utility businesses in Canada, the U.S., and the Caribbean, providing natural gas and electric utility services to roughly 3.4 million customers.

The company relies on its highly rate-regulated and long-term contracted assets to generate most of its revenue, providing predictable cash flows. Its management can use its predictable cash flows to comfortably fund its dividend hikes and capital programs.

At writing, the Canadian Dividend Aristocrat is trading for \$56.19 per share, boasting a juicy 3.81% dividend yield and a 47-year dividend growth streak.

### Park Lawn

There are two certainties in life: death and taxes. **Park Lawn** ([TSX:PLC](#)) is a stock that you can trust for the long term due to the latter of the two uncertainties. Park Lawn provides funeral, cremation, and

cemetery services throughout Canada and the U.S. Deathcare is not a market you might think about, but companies in the industry play a crucial role in the economy, no matter how morbid it seems.

The need for services like these makes Park Lawn a company that provides an essential service. Canada and the U.S. boast a substantial and growing population of senior citizens. It means that the industry will remain important for years to come, virtually guaranteeing strong cash flows for the company.

The stock is trading for \$37.67 per share at writing, and it boasts a 1.21% dividend yield that could combine with its capital gains to provide you with long-term wealth growth.

## Foolish takeaway

The **S&P/TSX Composite Index** hitting a new record high in its history might make many investors feel hopeful that there might not be another downturn for a while. However, it is exactly when the market is at its highest when you should be more careful about such a development taking place.

It is impossible to predict when a downturn will happen, but it is an eventuality due to the cyclical nature of stock markets. Whether or not a downturn happens in the coming weeks or months, it is a good idea to [position your portfolio](#) to prepare for it. Investing in defensive stock picks like Fortis stock and Park Lawn stock could be an ideal approach for this purpose.

### CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing

### TICKERS GLOBAL

1. NYSE:FTS (Fortis Inc.)
2. TSX:FTS (Fortis Inc.)
3. TSX:PLC (Park Lawn Corporation)

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adamothonman

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