3 Defensive TSX Dividend Stocks to Buy Now

Description

A market correction could be on the way in the coming weeks, as investors book 2021 profits and search for safety until the impacts of the new Omicron COVID-19 variant become clear. With this thought in mind, it might make sense for TFSA and RRSP investors to shift some funds to top dividend stocks that tend to be decent defensive picks.

BCE

BCE (TSX:BCE)(NYSE:BCE) is Canada's largest communications company with a market capitalization of $60 billion. The stock is up nearly 20% in 2021 and should be a solid dividend pick for dividend investors in 2022.

BCE continues to invest in new fibre optic infrastructure and is expanding its 5G network. The rollout should pick up speed in 2022 after BCE's $2 billion investment in 2021 on new 3,500 MHz spectrum.

An anticipated rebound in lucrative roaming fees might be delayed until the second or third quarter of the year if Omicron travel restrictions persist beyond the winter. That being said, BCE's media group should see its recovery continue, as spending on advertising bounces back on an improving economy.

BCE's mobile and internet services are essential for people and businesses to conduct their daily operations. This makes the revenue stream relatively insulated from broader global economic and financial volatility.

Investors who buy the stock near the current share price of $65.50 can pick up a solid 5.3% dividend yield.

Fortis

Fortis (TSX:FTS)(NYSE:FTS) is a utility company with $57 billion in assets located in Canada, the United States, and the Caribbean.

Revenue from the power generation, electric transmission, and natural gas distribution businesses is regulated, meaning the cash flow tends to be very predictable and reliable. Homeowners and businesses need to keep the lights on, heat water and buildings, and cook food regardless of the state of the economy.

Fortis grows by making strategic acquisitions and investing in new internal projects. The current $20 billion capital program will increase the rate base by about a third through 2026.

Fortis expects cash flow to increase enough to support average annual dividend hikes of 6% through 2025. That's excellent guidance for dividend investors who are seeking defensive stocks today.

Fortis raised the payout in each of the past 48 years. The current distribution provides a yield of 3.5%.

TD Bank

TD (TSX:TD)(NYSE:TD) is Canada's second-largest bank by market capitalization. The company reported strong results for fiscal 2021 and recently raised the dividend by 13%.

TD and the other large Canadian banks avoided the worst-case scenario over the past two years, and the bank is now sitting on excess capital. In fact, TD finished fiscal Q4 2021 with a CET1 ratio of more than 15%. This means the bank is sitting on a war chest of funds it can use to boost dividends, buy back shares, and make new acquisitions.

TD is one of the top dividend-growth stocks on the **TSX Index** over the past two decades and long-term investors have done very well adding to their positions during challenging economic times.

The shares trade at a reasonable 12 times trailing 12-month earnings. Investors who buy now can pick up a 3.8% dividend yield.

The bottom line on top defensive stocks to buy today

BCE, Fortis, and TD are top TSX dividends stocks that should deliver attractive total returns for buy-and-hold TFSA and RRSP investors. If you are searching for high-quality defensive stocks to buy for a self-directed portfolio, these companies deserve to be on your radar.

CATEGORY

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2. NYSE:FTS (Fortis Inc.)

3. NYSE:TD (The Toronto-Dominion Bank)
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Date
2025/08/26
Date Created
2021/12/20
Author
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