Worried About Volatility? 3 Top Defensive Dividend Stocks to Buy Today

Description

Canadian investors and consumers are wrestling with a variety of challenging developments in 2022. North American markets have experienced a spike in volatility to start the year. The Bank of Canada (BoC) and the United States Federal Reserve have both telegraphed rate hikes in the months ahead. This has rattled markets, as investors have been able to gorge on historically low interest rates and very accommodative monetary policy since the start of the pandemic. Today, I want to look at three defensive dividend stocks that are worth holding onto in the event of heightened market turbulence.

Combat volatility with this top utility stock

Utility stocks proved highly dependable since the start of the COVID-19 pandemic. These companies provided essential services, so their operations were largely unaffected by the crisis. **Emera** (TSX:EMA) is a Halifax-based energy and services company that is engaged in the generation, transmission, and distribution of electricity to various customers. Shares of this dividend stock have dropped 5.4% in 2022 as of close on February 10. The stock is still up 14% from the previous year.

Investors can expect to see Emera's final batch of 2021 earnings later this month. In Q3 2021, the company delivered adjusted earnings per share (EPS) growth of 1% to $0.68. Meanwhile, adjusted EPS delivered 12% growth from the first nine months of 2020. Emera's jump in earnings were powered by improved earnings at its PGS and EES segments. Meanwhile, it also benefited from lower corporate interest rate expense and lower income tax expense at NSPI.

Shares of this defensive dividend stock last had a price-to-earnings (P/E) ratio of 32, which puts it in favourable value territory compared to its industry peers. It offers a quarterly dividend of $0.662 per share. That represents a solid 4.4% yield.

Investors can trust this defensive dividend stock for the long haul

The telecommunications space is another great target for investors on the hunt for defensive dividend stocks. **Telus** (TSX:T)(NYSE:TU) has been one of the best performers in this space in recent years. Shares of this dividend stock have increased 5.5% in 2022 as of close on February 10.

Telus released its fourth-quarter and full-year 2021 results on that same day. In Q4 2021, Telus delivered revenue growth of 36% to $600 million. Meanwhile, full-year revenue climbed 39% to $2.19 billion. Moreover, adjusted EBITDA in 2021 rose 38% to $540 million. Telus delivered a phenomenal year, and it looks poised to build on this momentum in 2022.

This defensive dividend stock is still trading in favourable value territory at the time of this writing. Telus last paid out a quarterly dividend of $0.327 per share. That represents a 4.1% yield.

One more dividend stock to own as inflation climbs

Slate Grocery REIT (TSX:SGR.U) is the third defensive dividend stock I'd look to snatch up in the middle of February. Canada's inflation rate has climbed to levels not seen since the 20th century. Food prices have put the squeeze on consumers. Back in October 2021, I'd discussed why grocery stocks were a solid target in this environment. Shares of this REIT have increased 4.5% in 2022.

The REIT is expected to unveil its fourth-quarter and full-year 2021 results on February 24. In Q3 2021, Slate Grocery posted rental revenue growth of 6.6% to $34.0 million. Meanwhile, adjusted funds from operations (AFFO) jumped 28% to $11.4 million. This dividend stock last paid out a monthly distribution of $0.072 per share. That represents a monster 7% yield.

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