



RRSP Wealth: 3 Defensive Dividend Stocks to Ride Out Market Volatility

Description

RRSP investors are searching for top stocks to add to their self-directed [retirement](#) portfolios. Market volatility could be more extreme in the coming months, so it makes sense to look for reliable defensive stocks that tend to hold up well when the market hits a rough patch.

Fortis

Fortis ([TSX:FTS](#))([NYSE:FTS](#)) has \$58 billion in utility assets located in Canada, the United States, and the Caribbean. The businesses include power production, electric transmission, and natural gas distribution operations. Nearly all of the revenue is rate regulated, meaning Fortis can predict the cash flow it will get each year. This is important for investors who are seeking reliable and growing dividends from their holdings.

Fortis has a \$20 billion capital program for 2022-2026 that will increase the rate base from \$31.1 billion in 2021 to \$41.6 billion in 2026. The resulting revenue and cash flow growth is projected to support average annual dividend increases of 6% through 2025.

A number of other projects are under consideration that could get added to the investment program. These would potentially boost the size of the dividend hikes and extend the outlook for payout growth. Fortis raised the dividend in each of the past 48 years.

Investors who buy Fortis stock at the time of writing can pick up a 3.3% dividend yield. The stock has delivered an average annual return of 12.6% over the past two decades.

Telus

Telus ([TSX:T](#))([NYSE:TU](#)) provides mobile, internet, and TV services to customers across Canada. The company continues to invest billions of dollars in network upgrades to ensure its subscribers have world-class broadband access. Telus is wrapping up its copper-to-fibre transition program and is building out its [5G](#) network. These investments should open up new revenue opportunities for the

various segments.

Telus also has subsidiaries that offer long-term growth potential. Telus Health is already a leader in the Canadian market providing digital solutions to doctors, hospitals, and insurance companies. TELUS Agriculture is helping farmers improve the efficiency of their operations.

Telus should see free cash flow improve once it gets through the current phase of capital investment. The board raised the dividend by more than 5% late last year. Investors should see steady dividend growth continue.

At the time of writing, the shares provide a 3.9% dividend yield.

TC Energy

TC Energy ([TSX:TRP](#))([NYSE:TRP](#)) operates 93,000 km network of natural gas transmission pipelines in Canada, the United States, and the Caribbean. The company also has power-generation facilities and oil pipelines.

TC Energy is working on a \$24 billion commercially secured capital program. The company expects to put \$6.5 billion into service in 2022. Average annual EBITDA growth is targeted at 5% through 2026. This should support steady dividend increases of 3-5% per year over that timeframe.

The natural gas industry in North America has a bright future. Countries in Europe and Asia are looking to secure reliable sources of liquified natural gas (LNG) to generate power. Canada and the United States have vast natural gas resources that are cheap to produce. TC Energy has the infrastructure in place to deliver natural gas from producers to LNG facilities in the United States and is building a pipeline in Canada to connect producers to a new LNG site in British Columbia.

Investors who buy TRP stock at the time of writing can get a 5% yield.

The bottom line on top defensive RRSP stocks

Fortis, Telus, and TC Energy are quality dividend stocks with growing distributions. If you have some cash to put to work in a self-directed RRSP, these stocks deserve to be on your radar.

CATEGORY

1. Dividend Stocks
2. Investing

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2. NYSE:TRP (Tc Energy)
3. NYSE:TU (TELUS)
4. TSX:FTS (Fortis Inc.)
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6. TSX:TRP (TC Energy Corporation)

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Author

aswalker

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