3 Defensive Dividend Stocks to Add to Your RRSP in May

Description

Canadians saving up for retirement are facing an increasingly volatile market in the spring of 2022. The **S&P/TSX Composite Index** fell 62 points on Friday, May 6. Investors should expect further turbulence on North American markets, as Asian markets and U.S. futures are well in the red. Today, I want to look at three defensive dividend stocks that are worth stashing in your RRSP in this environment.

RRSP investors can trust this grocery retail stock in 2022

Last month, I'd discussed why grocery retail stocks were a good defensive bet. These consumer staples have received a boost due to rising food prices in this inflationary climate. **Loblaw Companies** (TSX:L) is the top grocery retailer in Canada.

Shares of Loblaw have climbed 8.7% in 2022 as of close on May 6. The stock has soared 56% in the year-over-year period. Loblaw released its first-quarter 2022 earnings on May 4. Revenue rose 3.3% from the previous year to $12.2 billion. Meanwhile, adjusted EBITDA increased 10% from the first quarter of 2021 to $1.34 billion. Moreover, adjusted net earnings jumped 17% to $459 million.

This dividend stock last had a favourable price-to-earnings (P/E) ratio of 19. It offers a quarterly dividend of $0.405 per share, representing a modest 1.4% yield.

This defensive dividend stock is worth holding for the long haul

RRSP investors should also consider snatching up **Emera** (TSX:EMA), a top utility dividend stock, in the first half of May. Its shares have dropped marginally in the year-to-date period. Meanwhile, this dividend stock is up 10% from the same time in 2021.

Investors can expect to see Emera's first-quarter 2022 earnings later this week. The company released its final batch of 2021 results on February 14. Emera's adjusted net income rose to $723 million, or $2.81 per common share, for the full year — up from $665 million, or $2.68 per common share, in 2020. Like **Fortis**, another top utility, Emera has committed to a big capital investment plan that will expand its rate base. This, in turn, will bolster its ability to deliver on dividend growth in the years ahead.

Shares of this dividend stock are trading in solid value territory compared to its industry peers. RRSP investors can count on a quarterly distribution of $0.662 per share, which represents a 4.2% yield.

Here's one more defensive dividend stock to add to your RRSP

Alimentation Couche-Tard (TSX:ATD) is the third defensive dividend stock I'd look to snatch up in this choppy market. This Laval-based company operates and licenses convenience stores in Canada and around the world. Shares of Alimentation have increased 5.9% so far in 2022.

The company unveiled its third-quarter fiscal 2022 earnings on March 15. It reported adjusted net earnings of $746 million — up from $622 million in the previous year. Meanwhile, total merchandise and services revenue jumped 5.8% to $4.8 billion. This dividend stock possesses an attractive P/E ratio of 16. Moreover, RRSP investors can gobble up its modest quarterly dividend of $0.11 per share.

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