I’m Buying These 3 Resilient Stocks During a Wobbly Market

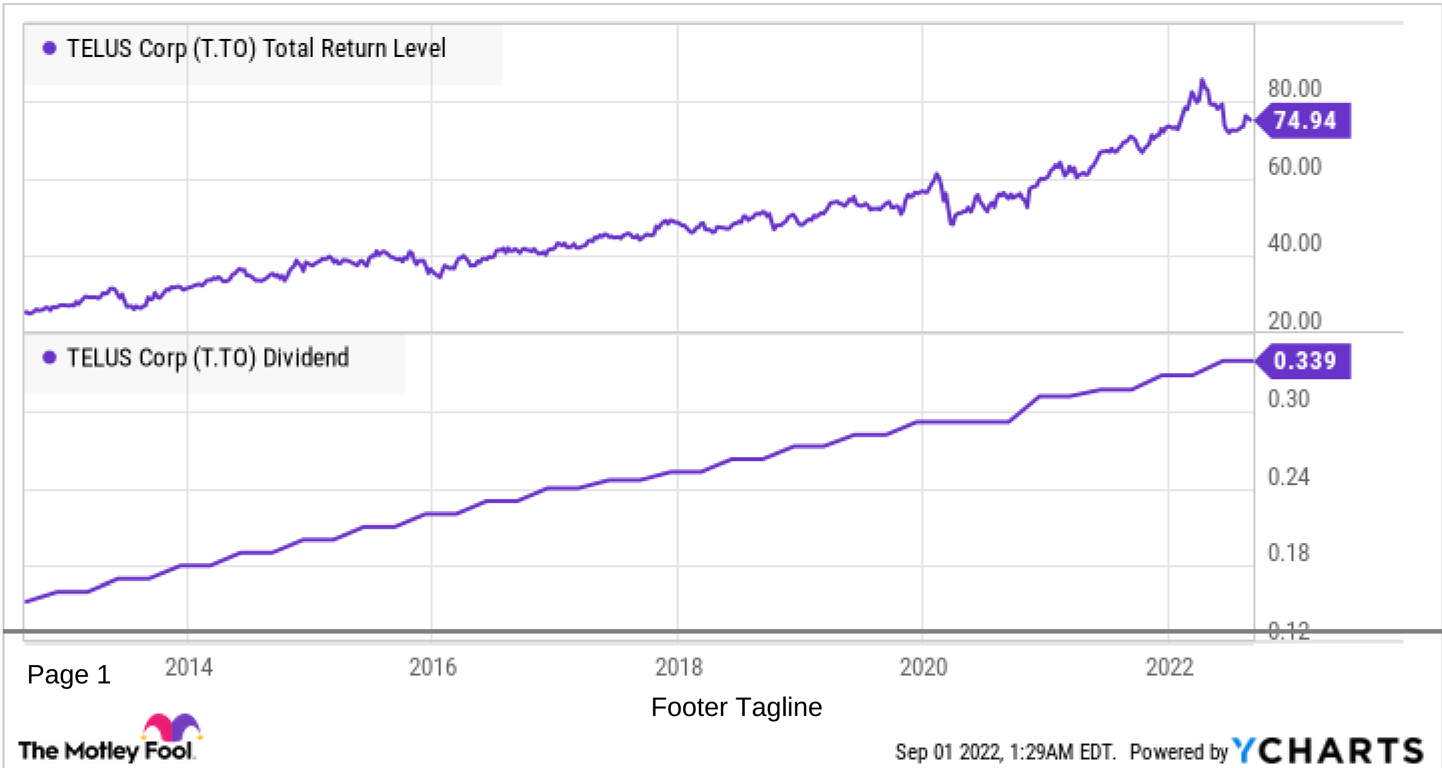
Description

There has been doomsday noise about the financial markets. Inflation is still high, despite rising interest rates pulling it back. If central banks raise interest rates too much, too quickly, recessions can occur around the world. Then there are still lingering supply chain issues and wars going on, including between Russia and Ukraine. And the tension seems to be increasing between China and Taiwan by the day.

With so much going on, it’s legitimate for investors to be worried about a wobbly market. Here are a few resilient all-weather stocks that are perfectly suitable for today’s environment.

TELUS: A defensive stock yielding close to 4.6%

TELUS (TSX:T)(NYSE:TU) is a resilient dividend stock that has delivered. In the long run, market dips look like blips in its returns chart (shown below). Over the decade, it almost tripled investors’ money, delivering respectable annualized returns of almost 11.5%. Additionally, it increased its dividend at a compound annual growth rate of 8.7% in the period. This is an above-average rate!



T Total Return Level and Dividend data by YCharts

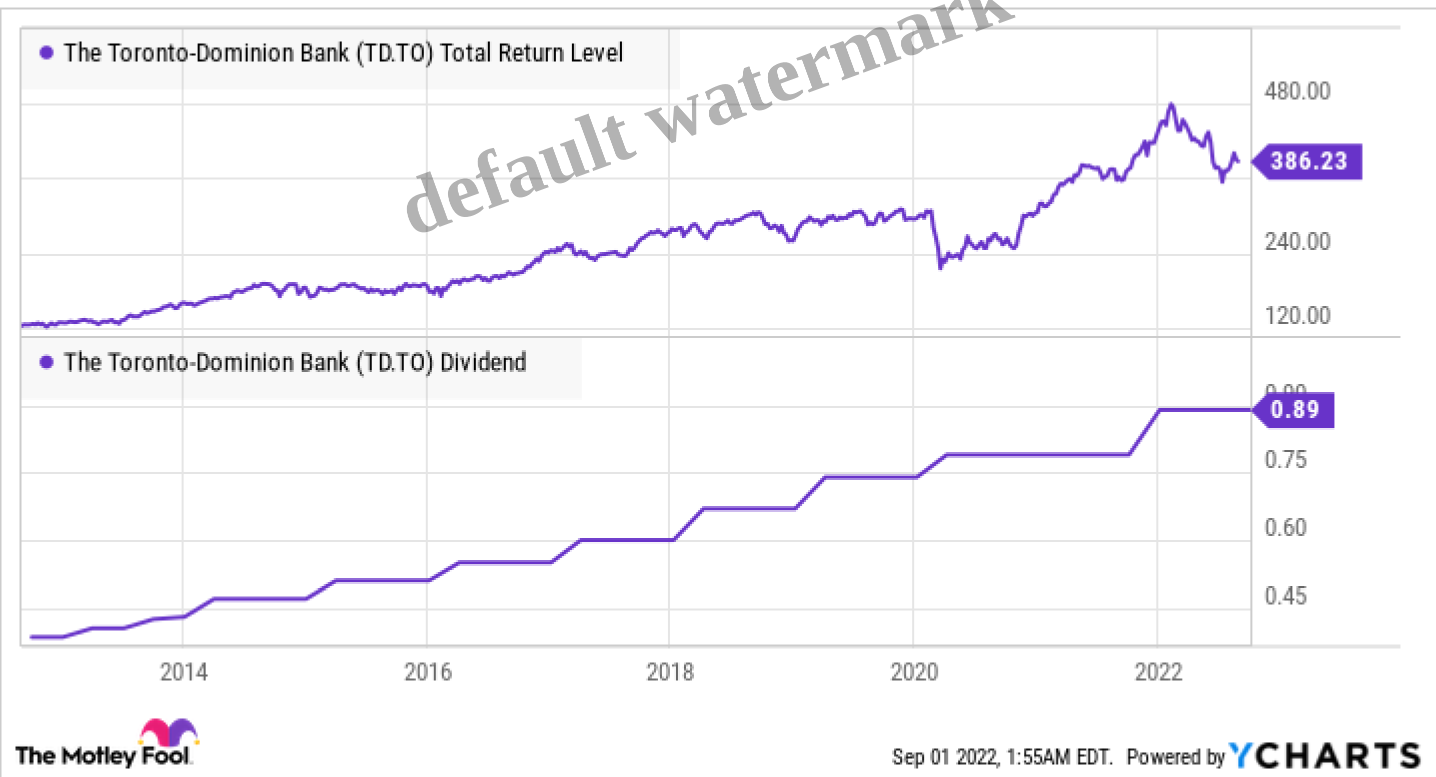
In the last 12 months, the big Canadian telecom reported over $1.8 billion in net income. It shared roughly 61% of the earnings as dividends with shareholders. This is a healthy payout ratio!

Over the next few years, the market expects a double-digit growth rate. Particularly, the company has strategically invested in other areas, including in **TELUS International** and TELUS Health, that have driven top-line growth.

Yahoo Finance noted that TELUS stock's recent beta is 0.58, which indicates lower volatility than the market (whose beta is one). Given its growth rate and reasonable valuation, it's likely the resilient dividend stock can deliver annualized returns of about 11%, if not higher, over the next few years.

Feel rest assured with TD stock's resilient business

Toronto-Dominion (TSX:TD)(NYSE:TD) stock has treaded higher in the long run. Over the last decade, the bank stock has more than tripled investors' money, resulting in annualized returns of 12%. Its 9.2% 10-year dividend-growth rate is also stellar.



TD Total Return Level and Dividend data by YCharts

From the graph, the stock appears to be a tad more volatile than TELUS. And indeed, TD stock's recent beta is 0.89.

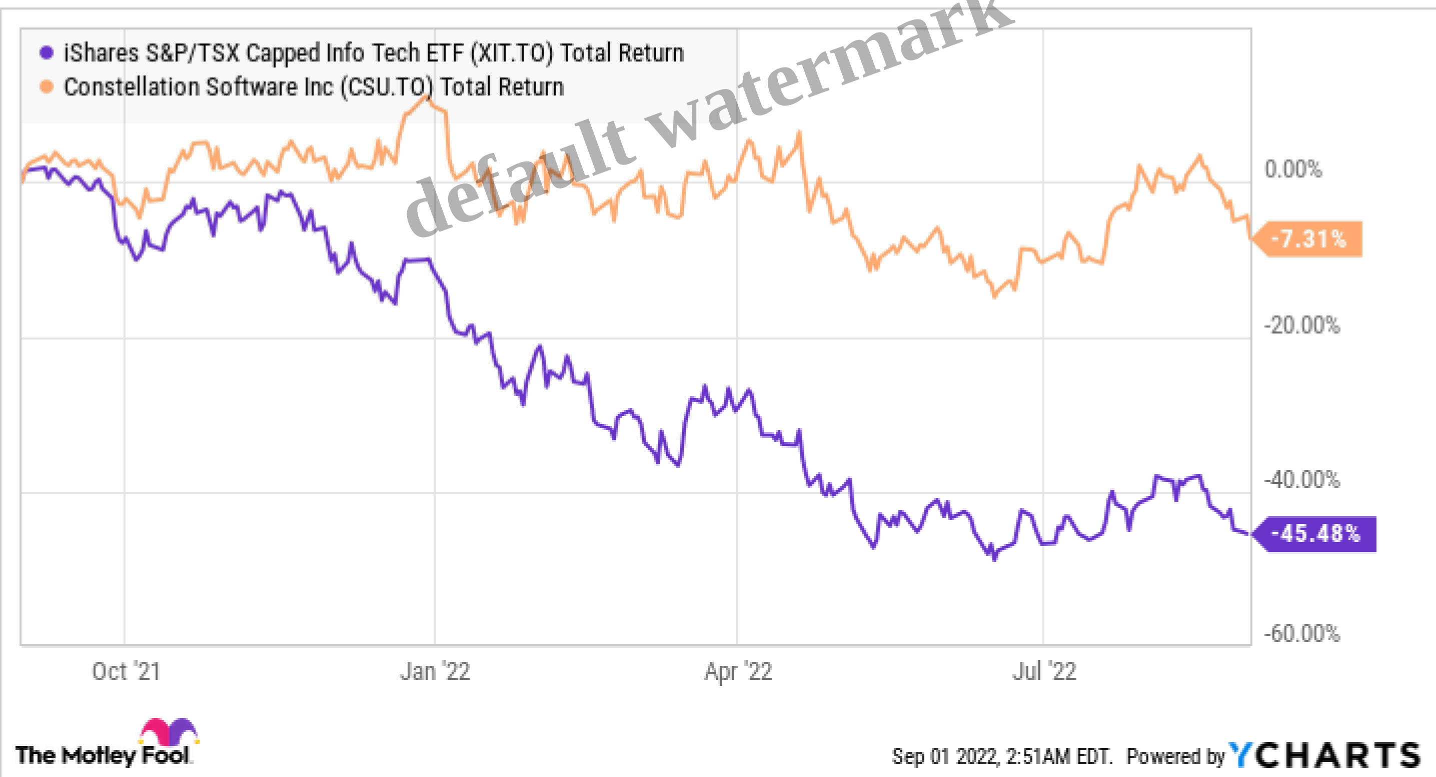
The leading Canadian bank's business performance is predictable, though. Through economic cycles,it has maintained or increased its adjusted earnings per share, except in years around recessions. For example, it experienced earnings declines in fiscal 2008 and 2020.

The drops were due to large macro events. The first event was the global financial crisis. The second was a global pandemic. In both cases, its earnings rebounded quickly by the subsequent year.

A top tech stock

Constellation Software (TSX:CSU) is a top tech stock that has been super resilient compared to many high-growth tech stocks. There are multiple reasons to support its defensiveness. First, it's actually profitable and increasing its earnings per share. Second, it generates free cash flow, which has grown 60% since 2019. Third, it has a proven track record of strategic acquisitions that has supported higher growth.

Here's how the tech stock has fared against the industry (using **iShares S&P/TSX Capped Information Technology Index ETF** as a proxy) in the tech stock selloff.



XIT and CSU Total Return Level data by YCharts

CSU's balance sheet is also strong, and it has the cash to deploy in more acquisitions to drive growth. If the price tag of around $1,977 per share is too high, investors can consider investing on platforms, such as Wealthsimple, that allow partial-share purchases.

The wobbly market could provide buy-the-dip opportunities in these solid stocks over the next months. I highly recommend that long-term investors take a closer look!

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2. NYSE:TU (TELUS)
3. TSX:CSU (Constellation Software Inc.)
4. TSX:T (TELUS)
5. TSX:TD (The Toronto-Dominion Bank)

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