Defensive Investors: 3 Stocks to Shore Up Your Portfolio

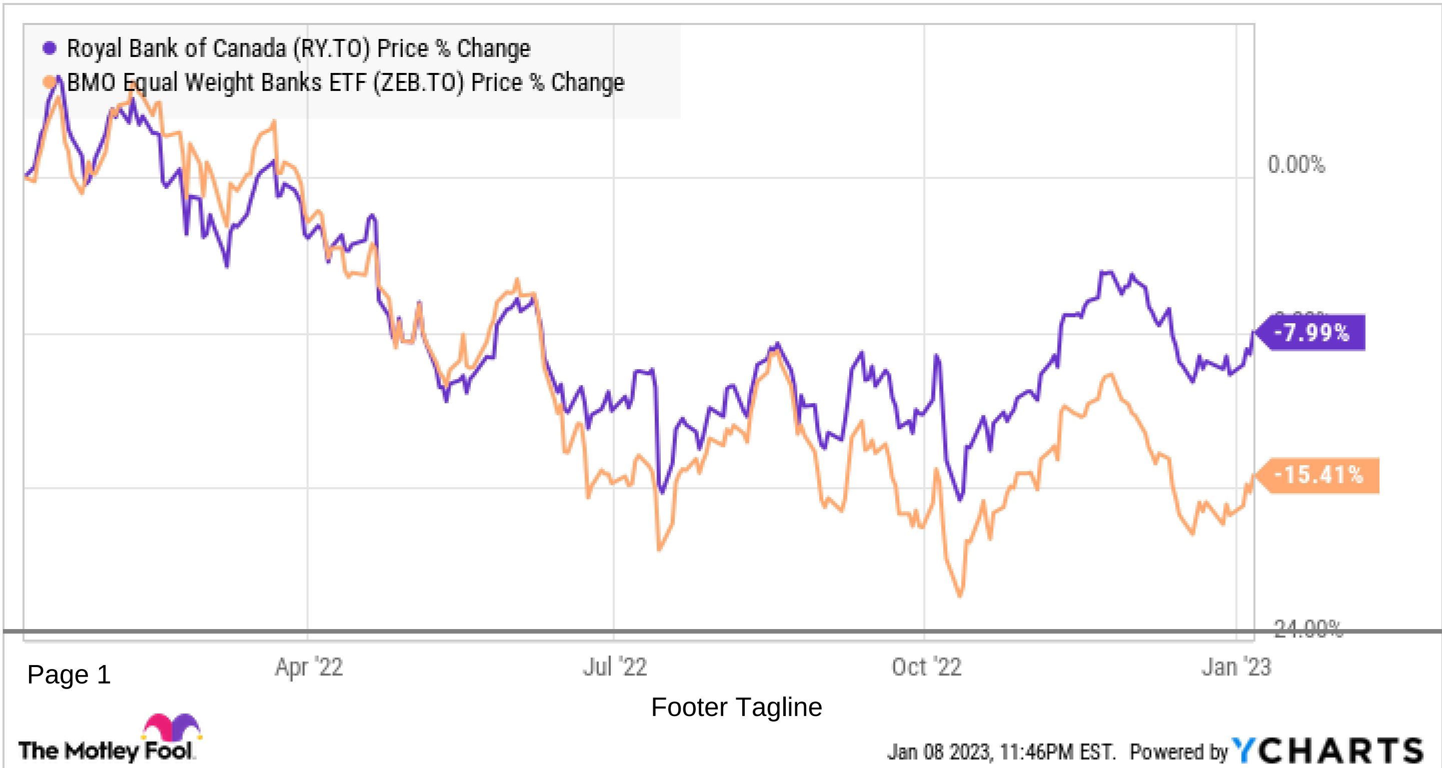
Description

Stocks are generally riskier than bonds. However, within the realm of stocks, some are more defensive than others. Here are three [blue-chip](#) [stocks](#) that can shore up your portfolio to make it more defensive in terms of lower volatility and improved returns stability from their safe dividends.

RBC stock

Royal Bank of Canada ([TSX:RY](#)) is a global systematically important bank. Over the years, it has grown to offer a range of financial services, including personal and commercial banking, wealth management services, insurance, corporate banking, and capital market services. Its core business is in Canada, and it also has meaningful operations in the United States.

As a leading bank in Canada with strong operating efficiency and a leading position in its offerings, it enjoys a wide moat on its business. You'll notice that the RBC stock price tends to be resilient versus the industry during downturns. Here's a one-year stock price comparison between the [bank stock](#) and a banking [exchange-traded fund (ETF)](#) as an example.



RY and ZEB data by YCharts

At roughly $130 per share at writing, RBC stock is fairly valued. It also offers a dividend yield of just over 4% that helps provide predictable returns for your diversified portfolio. You can expect this dividend to rise over time.

TELUS stock

The big Canadian telecoms are generally defensive stocks. Right now, in particular, **TELUS** (TSX:T) stock offers two extra layers of defence. First, it tops the revenue growth of its peers. Revenue growth often leads to earnings growth as long as the company keeps its costs in check. Second, TELUS stock is the cheapest among its peers for its growth potential.

For example, from 2019 to 2021, TELUS increased its revenue by 15.4%, while raising its gross profits by 19%. Its S&P credit rating did drop from BBB+ to BBB recently. Though still an investment-grade credit rating, its cost of capital is set to raise. This is partly why the stock has taken a beating recently.

At about $27 per share at writing, analysts believe the telecom stock is undervalued by about 18%. It also offers a safe dividend yield of 5.2%. Investors can look forward to the telecom to increase its dividend two times a year for a total hike of at least 7% annually through 2025.

Brookfield Renewable Partners stock

If you're as excited as the management of this company in the multi-decade growth trend for renewable power, you'll want to take a position in **Brookfield Renewable Partners** (TSX:BEP.UN) stock. It's a global renewable power platform that owns, operates, and invests across different technologies, including hydro, wind, solar, and power storage facilities in North America, South America, Europe, and Asia.

The dividend stock just had a meaningful selloff, falling approximately 18% in the last 12 months. Rising interest rates are one reason for the correction, providing an opportunity for long-term investors to buy the dip. This valuation provides a margin of safety to protect your principal. Analysts believe the dividend stock is undervalued by about 33%.

At about $35 per unit at writing, it offers a cash-distribution yield of almost 4.9%. Moreover, BEP intends to increase its cash distribution by at least 5% per year.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:BEP.UN (Brookfield Renewable Partners L.P.)
2. TSX:RY (Royal Bank of Canada)
3. TSX:T (TELUS)

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