



3 Top Stocks From RBC's Low Volatility Fund

Description

When investing, it rarely pays to follow the crowd. But it can be useful to look at what some investors hold – if they have a good track record and similar goals, they could be a good source of ideas.

Royal Bank of Canada ([TSX:RY](#)) offers a “low volatility” Canadian equity fund, which searches for the Canadian stocks with the smoothest stock prices historically. While low volatility does not equal low risk, funds like these can sometimes provide clues for investors looking for safer picks.

The top three stocks, in reverse order, are listed below.

3. Fortis

Fortis Inc ([TSX:FTS](#)) is the largest publicly owned gas and electric distribution utility in Canada. Utilities are known as one of the safest industries to be in, mainly because demand for light and heat doesn't fall dramatically when the economy is doing poorly.

This shows up in Fortis's numbers. The company has increased dividends every year for the last 41 years. Fortis also has a strong A- credit rating from S&P despite a debt load of \$7.8 billion (more than the entire market value of the company's shares).

2. Couche-Tard

Alimentation Couche-Tard ([TSX:ATD.B](#)) is the leader in the Canadian convenience store industry, and also has sizable operations in the United States and Europe. Most of the company's locations sell gasoline too.

While not as safe as utilities, convenience stores are also resistant to the business cycle. “Sin” products like gasoline and cigarettes tend to have very stable demand. Also a poor economy can incentivize people to make smaller purchases, which naturally draws traffic into convenience stores.

1. Inter Pipeline

Inter Pipeline (TSX:IPL) operates in four lines of business: oil sands transportation, conventional oil pipelines, NGL extraction, and bulk liquid storage. IPL's revenue comes from long-term contracts, making future revenue very stable and predictable. In the oil sands, contracts last for 20 years or more.

With the growth in energy production from Western Canada, Inter's infrastructure assets will remain in high demand for a long time. And as a bonus for investors, the company recently announced its 11th consecutive dividend increase. The shares currently yield 4.4%.

Foolish bottom line

It would be a mistake to assume that a low volatility stock must be low risk. But the three names above all should see fairly steady revenue, even if the economy doesn't cooperate. For safety-first investors, these companies should definitely be on the radar screen.

CATEGORY

1. Investing

TICKERS GLOBAL

1. TSX:FTS (Fortis Inc.)
2. TSX:RY (Royal Bank of Canada)

Category

1. Investing

Date

2025/09/28

Date Created

2014/03/14

Author

bensinclair

default watermark

default watermark