An Instant Portfolio for Risk-Averse Investors

Description

Stock markets have been on an upward trajectory for the better part of five years, but the past few weeks have given shareholders a taste of the volatility that can come into the market very quickly.

Not everyone can stomach the sharp fluctuations. For investors looking to sleep well at night, it is best to find solid companies that pay regular dividends and have a low beta.

When looking at a stock's beta, you want the lowest number possible when searching for low volatility. A beta of 1 means a stock has a volatility that is equal to the broader market. A beta of 1.3 means a stock is generally 30% more volatile than the market.

Here are the reasons why I think new investors should consider buying **Telus Corporation** (TSX: T)(NYSE: TU), **Fortis Inc.**, (TSX: FTS), and **Metro Inc.** (TSX: MRU) to help minimize risk and volatility in their portfolios.

Telus Corporation

Canada's fastest-growing telecommunications company is also one of the most reliable stocks an investor can own. The company is committed to increasing its dividend by 10% every year through 2016, and given Telus' track record, investors should expect solid growth beyond that. Telus also has an aggressive share-repurchase program.

From an operational standpoint, Telus is one of Canada's most consistent companies. Despite the heavy competition for both smartphone users and residential Internet customers, Telus continues to grow its wireless and wireline businesses.

Telus pays a dividend of $1.52 per share that yields 3.9%. The shares have risen nearly 130% in the past five years. With a beta of 0.12, Telus' stock is extremely stable.

Fortis Inc.

Utilities might sound like boring companies but choosing the right one as an investment will help ensure the lights never go out on your portfolio. Fortis owns and operates power-generation assets in Canada, the U.S., Central America, and the Caribbean.

The company recently spent $4.5 billion to acquire Arizona-based UNS Energy Corp. The deal will give Fortis a more diversified geographic footprint and provide greater stability in earnings. The acquisition should be accretive in 2015.

Fortis pays a dividend of $1.28 per share that yields about 3.6%. The company increases its dividend every year and the stock's beta of 0.27 is important for low-volatility investors.

Metro Inc.

Canada's most efficient grocery company is probably Metro. Despite increased competition from U.S.-based retail giants, Metro manages to grow earnings at a consistent rate. The company operates 800 grocery stores and 250 drug stores in Quebec and Ontario.

Metro just increased its dividend by 20%. Both the dividend and Metro's stock have doubled in the past five years. With a beta of just 0.27, Metro's stock is perfect for a risk-averse portfolio.

These three companies make the perfect starter portfolio for new investors who want to sleep well at night, and still pick up some nice dividends and capital appreciation along the way.

CATEGORY

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TICKERS GLOBAL

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2. TSX:FTS (Fortis Inc.)
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