2 Stable Stocks to Hold During Volatile Markets

Description

Volatility has returned to the Canadian market and investors with a bit of cash on the sidelines are wondering which stocks offer the most stability right now. It always makes sense to have a few defensive stocks in the portfolio. Here's why I think investors should consider **Metro Inc.** (TSX:MRU) and **Fortis Inc.** (TSX:FTS) right now.

Metro

People living in Ontario and Quebec spend a lot of money at Metro's grocery and pharmaceutical stores. The company's 800 grocery locations offer a wide variety of choices from bargain products to premium goods. This means Metro has the market covered during times of economic strength as well as moments when shoppers are tightening their belts.

The 250 pharmacies ensure local residents have access to all their essential health needs. In its latest quarterly results, Metro delivered a 6.1% year-over-year increase in sales and a solid 13.1% gain in net earnings. The company has a strong history of dividend growth, and investors shouldn't be put off by the 1.4% yield as they are rewarded in other ways, including a solid 125% gain in the stock price over the past five years.

In tough economic times, people still have to eat and take their medication, and that's why Metro is a strong defensive pick.

Fortis

Fortis owns and operates electricity generation and natural gas distribution assets in Canada, the U.S., and the Caribbean. The company is very well run and management is always looking for opportunities to invest in growth or take advantage of market conditions to lock in gains for investors.

Last year Fortis spent $4 billion to acquire Arizona-based UNS Energy. The deal is already accretive and gives investors a reliable source of U.S.-based earnings. It is important to take some profits off the table during opportune times, and that's why Fortis recently decided to sell its real estate portfolio.

The company realized a tidy after-tax gain of $123 million on the $430 million it received for the properties. After the real estate gains were stripped out, the company reported solid Q2 2015 adjusted earnings of $0.44 per share, up from $0.30 per share a year earlier.

Across the portfolio, Fortis derives 93% of its revenue from regulated assets. That means cash flow and earnings are predictable and stable. The company has increased its dividend every year for more than four decades. That’s the kind of reliability investors want to see when deciding to buy stocks in a volatile market.

Fortis pays a dividend of $1.36 per share that yields about 3.8%. Remember, slow and steady wins the race.

CATEGORY

1. Investing

TICKERS GLOBAL

1. TSX:FTS (Fortis Inc.)
2. TSX:MRU (Metro Inc.)

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