



2 Peace-of-Mind Stocks for a Rough Market

Description

Every balanced portfolio should have stocks that tend to hold up well during difficult economic times. These are often referred to as “defensive picks” because their products tend to sell regardless of the economic environment. As a result, the stocks also hold up well when the market is on the slide.

Here are the reasons why **Metro Inc.** ([TSX:MRU](#)) and **Rogers Communications Inc.** ([TSX:RCI.B](#)) ([NYSE:RCI](#)) are solid choices right now.

Metro

If you live in Ontario or Quebec, you have probably spent some time in Metro’s grocery and pharmacy locations.

The company owns more than 600 grocery stores operating under the brands Metro, Super C, and Food Basics. People have to eat, and Metro has the full spectrum of consumers covered, from the high-end market right down to the budget-oriented shopper.

When times get tough, the budget gang tends to get a lot bigger, but that suits Metro just fine.

The company is also a nice play on the growing boomer population through its 250 drugstore locations.

In the most recent earnings statement, Metro increased its year-over-year sales by 6.1% and enjoyed a 13.1% rise in net earnings.

The dividend only has a yield of about 1.3%, but Metro increases the payout on a regular basis, and the company just announced a share-buyback program; it plans to repurchase more than five million shares over the next 12 months.

The company has a beta of just 0.19, which means it is a great defensive pick.

Rogers

Canadians love to watch sports, surf the web, and talk on their mobile phones. Those habits are

unlikely to change much when times get tough.

Rogers is best known for its cable and mobile-phone business, but the company also has a growing media division, which includes ownership of the Toronto Blue Jays and a stake in the Toronto Maple Leafs as well as a wide array of other media properties.

The company is a cash cow. Rogers generated \$660 million in free cash flow in the third quarter and paid out \$247 million in dividends to its shareholders. The quarterly distribution of \$0.48 yields a solid 3.7%, and investors should see the payouts continue to increase.

Customer service levels are improving and the company appears to have stabilized the cable business, so things are looking pretty good.

Rogers has a beta of 0.29, so it is less volatile than the broader market. The stock is a solid long-term hold, and you get a chance to be a part owner of the Jays and the Leafs to boot.

CATEGORY

1. Investing

TICKERS GLOBAL

1. NYSE:RCI (Rogers Communications Inc.)
2. TSX:MRU (Metro Inc.)
3. TSX:RCI.B (Rogers Communications Inc.)

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