

2 Safe Stocks to Ride Out the Market Rout

Description

The stock market is beginning 2016 in an ugly way, and many investors are wondering where they can safely invest new money.

Here are the reasons why I think **Metro Inc.** ([TSX:MRU](#)) and **Fortis Inc.** ([TSX:FTS](#)) are smart choices in the current environment.

Metro

Metro operates more than 600 grocery stores and 250 pharmacies in Quebec and Ontario. The company does an excellent job of controlling costs and has proven it can compete with the wave of newcomers that has hit the market in recent years.

The grocery stores run under the Metro, Super C, and Food Basics brands. The portfolio caters to all types of shoppers, including the upscale crowd as well as those who prefer discount items. This is important when times get tough because the budget-conscious group tends to increase.

The pharmacies also do well and offer investors a good way to benefit from rising demand as the boomers move through their retirement years.

Metro's results remain strong. The company reported a 14% rise in fiscal Q4 2015 earnings compared with the same period in 2014.

The stock's dividend only yields about 1.2%, but the company increases the distribution regularly, and recent hikes have been significant. Shareholders have also enjoyed a 150% gain in their investment over the past five years.

People can cut out discretionary purchases when the economy falters, but they still have to eat and take their medicine. That's why Metro is a smart choice right now.

Fortis

Fortis owns natural gas distribution and electricity generation assets in Canada, the U.S., and the Caribbean.

The appeal of Fortis lies in the fact that 96% of its revenue comes from regulated assets. This means cash flow should be reliable and predictable, which is important for investors looking for safe dividends.

Fortis spent \$4 billion in 2014 to purchase Arizona-based UNS Energy. The acquisition significantly increased the amount of revenue generated south of the border, and that is having a strong impact on earnings with the U.S. dollar now worth CAD\$1.40.

Management recently increased the quarterly dividend by 10% to \$0.375 per share, which offers a

yield of about 4%. Fortis has increased its distribution every year for more than four decades.

If you want a stock you can simply buy and forget about for years, Fortis is a solid choice.

CATEGORY

1. Investing

POST TAG

1. Editor's Choice

TICKERS GLOBAL

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

Category

1. Investing

Tags

1. Editor's Choice

Date

2025/07/08

Date Created

2016/01/07

Author

aswalker

default watermark

default watermark