3 Top Low-Beta Stocks to Buy in Today's Volatile Times

Description

Going by the **S&P/TSX's** unpredictable performance so far this year, it looks like 2017 could be a good year to park your money in low-volatility stocks. No one really knows how policies under President Trump's administration will change the business landscape, nor is anyone sure about how Brexit will change trade dynamics in Europe.

Given the backdrop, prudent investors should start hunting for stocks that won't fall much if the markets take a breather. One way to do so is look up beta: A stock with a beta exceeding one is more volatile than that with a beta below one. To understand the concept better, you should check out these three low-beta stocks right away.

BCE Inc. (TSX:BCE)(NYSE:BCE)

Thanks to its innovative leadership and aggressive growth initiatives, BCE is Canada's largest communications and media company today, providing a broad array of content and broadband products and services to millions of consumers in Canada. After acquiring Bell Aliant some years ago, BCE has just acquired Manitoba Telecom Services in a multi-billion-dollar deal, gaining foothold in high-potential regions at torrid pace.

Demand for BCE's products doesn't ebb and flow with the economy. Its stock is a defensive type with a beta of only about 0.4, meaning it is almost 60% less volatile than the broader market. To top that, BCE offers a hefty dividend yield of 4.8%, making it a compelling stock to own during volatile times.

Altagas Ltd. (TSX:ALA)

As a unique infrastructure stock that operates power and gas utilities and also sells natural gas, Altagas's revenue is not only regulated, but it's also positioned for growth as clean energy trends gain momentum. Altagas's massive $8.4 billion impending bid to acquire public utility holding company **WGL Holdings Inc.** (NYSE:WGL) is testimony to its focus on growth.

Thanks to the defensive nature of the utility business, Altagas stock has a beta of only about 0.5, which means it's only half as volatile as the market. The other good thing about Altagas is its dividend, which has grown at an annual compounded rate of 9% in the past five years and is projected to grow 8-10% through 2021. So, by owning Altagas stock, you can save your capital from getting crushed and enjoy nice, stable additional income. The stock yields a hefty 6.8% today.

Saputo Inc. (TSX:SAP)

Saputo has followed the growth-via-acquisitions route to become the leader in its industry. It is Canada's largest and among the world's top 10 dairy processors today. Because demand for dairy products such as cheese doesn't fluctuate with economic cycles, Saputo has been able to keep its head above water, even during challenging times.

In fact, Saputo is one of the top low-volatility stocks in Canada with a beta of just 0.09. Some analysts are sounding the warning bell on Saputo's valuations, but I don't think there's anything to fear. At a trailing P/E of 26 times, Saputo is trading at the lower end of its 10-year average P/E. A forward P/E of 21 times also signals growing earnings power; analysts are pegging 20% and 11% growth in Saputo's EPS this year and next, respectively. A low beta and rising profits should make for a great investment combination during choppy times.

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