# 2 Low-Volatility Stocks to Help Investors Ride Out Uncertainty

## Description

Choppiness in the markets can make anyone queasy. When the market goes up and down day by day, holding stocks with dividends and less overall volatility can make these short-term gyrations a little more palatable.



Generally, stocks with lower overall volatility are found in sectors that have products people need to buy no matter what the market's condition; they're known as consumer staples. And since pretty much everybody needs to eat at some point, grocery store stocks seem like a good place to start.

There are numerous grocery companies to choose from in Canada, and each of them has their own strengths and weaknesses. Two that might be good purchases to make your portfolio a little less chaotic are **Empire** (TSX:EMP.A) and **North West Co.** (TSX:NWC). After all, there aren't many things people need more than food, and these companies sell a lot of it.

**Empire**

Empire has a large presence all over Canada, making it quite diversified by geography within the country. Empire sells groceries through a multitude of banners including Sobeys, IGA, and Safeway. Originally mainly serving eastern Canada, the company's purchase of Safeway helped it to gain a foothold in western Canada.

While the Safeway purchase has plagued the company's share price for years, it seems that Empire is finally turning around. In Q4 2018, the company reported a year-over-year increase in earnings per share of 136% and increased free cash flow by 105%. The increase in free cash flow allowed Empire to increase its dividend by almost 4.8%. With free cash flow like this, you can bet there will be more increases in the future. The company now yields 1.66% at the current share price.

**North West**

The North West Company is interesting since its goal is to be a leading retailer to underserved areas of the world. The company has operations in northern Canada and Alaska and more exotic locations,such as the Caribbean and the British Virgin Islands.

Probably the most well-known store in Canada is its Giant Tiger locations, which are found in small towns around the country. It has the benefit of not having to compete extensively with the larger retailers, which often focus on more densely populated regions.

In Q1, sales decreased 4.1%. Much of the negative impact came from storms that affected operations in the Caribbean, as many stores had to be closed for a period of time. Earnings from operations increased 52.9% over the previous year, and net earnings increased 104%. Its dividend is quite generous at 4.37%, much higher than other companies in the space.

**The bottom line**

These two companies, due to their provision of much-needed supplies and services, should be relatively less volatile than the market. But there is no such thing as a risk-free equity holding. Each of these stocks can be subject to company-specific volatility as well as market-related risks. Nevertheless, these sorts of stocks have generally been, up to this point, less volatile than the market and excellent dividend payers over the long term.



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1. Editor's Choice

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2. TSX:NWC (The North West Company Inc.)

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