



Take the Volatility Out of Your Portfolio With These 2 Stocks (And 1 ETF)

Description

It can be nerve-racking to be in the midst of all this volatility. With the markets shooting up and down at breakneck paces, even the most hardened investors can start to get a little nervous.

For more conservative investors, it can make sense in times like these to invest in companies that have products that are essential for meeting people's basic needs. Many of these companies are not exciting, but their stability can make it easier to ride out an investing storm with more comfort than a portfolio loaded with high-flying marijuana and technology stocks.

The dairy producer

Eating is an absolutely essential part of life. As a cheese lover, I can't help but put **Saputo** ([TSX:SAP](#)) on the list. This [dairy producer](#) sells cheese in Canada, the United States, and around the world. This geographically-diversified food producer also pays a nice dividend of 1.64%. It has been steadily increasing that dividend for years, so there is a good chance that yield is going to continue to rise.

For a stable, slow-growing company, it has actually been doing quite well financially. In its last earnings report, Saputo reported a 13% increase in total revenues. Unfortunately, earnings did not fare so well with EBITDA decreasing by 13% and net earnings decreasing by 37.1%. Since these earnings came out, the share prices have come off handsomely, providing what might be an excellent long-term entry point for the stock.

The grocer

If dairy isn't your thing, maybe you would rather go with a company that sells lots of different kinds of food. In that case, **Loblaw Companies** ([TSX:L](#)) may be more your speed. With the President's Choice, Shoppers Drug Mart, and No Frills Brands being under the Loblaw umbrella, there's a pretty good chance that any Canadian living today has been to its stores at some time or another.

No matter what our economic or geographic situation, one thing is certain: we all need food and medicine, so there is a pretty good chance these places are going to continue to make money for years to come.

Although you couldn't tell in the second quarter, this company delivers the goods to investors, and not just when they visit its stores. A bunch of disappointing results, like a 1.4% decrease in revenue and a startling 85.6% decrease in net earnings helped drive its share price down in an already weak market. Some of the hit on earnings was due to its long-term investment acquisition of CREIT, so the numbers are likely to get better in the future.

Don't let the short term numbers trick you; this company will be pumping out cash and dividends in the future. Its 1.78% dividend will most likely continue to grow.

The ETF

Even though the companies mentioned in this article are both stable, dividend-paying options, some of you might be more comfortable buying a basket of [low-volatility](#) stocks through an ETF. **BMO Low Volatility Canadian Equity ETF** ([TSX:ZLB](#)) is one option that might work out well for you.

The ETF is neither extraordinarily cheap nor expensive with a management expense ratio of 0.39%, but it does allow you to hold many of Canada's best low-volatility stocks, including both Saputo and Loblaw. The ETF also pays a higher dividend than either of the two stocks at 2.79%. As an income play, it has a slight advantage over the two individual stocks.

What is an investor to do?

Either of these companies or the ETF are excellent, long-term holds and should insulate your portfolio somewhat in times of volatility. For smaller accounts or more conservative investors, ZLB would probably be the best option due to its diversified basket of stocks. For people who own individual stocks, either Loblaw or Saputo would be excellent additions to insulate your portfolio from volatility and provide dividend and capital growth over time.

CATEGORY

1. Dividend Stocks
2. Investing
3. Stocks for Beginners

TICKERS GLOBAL

1. TSX:L (Loblaw Companies Limited)
2. TSX:SAP (Saputo Inc.)
3. TSX:ZLB (Bmo Low Volatility Canadian Equity ETF)

PARTNER-FEEDS

1. Msn
2. Newscred
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