Retirees: Avoid Market Carnage With These 3 Safe Stocks

Description

November is almost half done, and it looks like October's doldrums are back. After making modest gains early this month, the S&P/TSX composite index fell about 1.2% on Friday and Monday, renewing worries about a prolonged correction. These concerns may be justified. History shows that the average bull market lasts nine years, and the one that had been running from 2009 until October lasted nine and a half.

Nevertheless, there are still reasons for optimism — even for retirees who want to avoid risk.

While more market carnage may be coming, there are still plenty of stocks to choose from that tend to do well in times of economic uncertainty. The first I'd like to draw to your attention is one that survived October almost completely unscathed.

MTY Food Group (TSX:MTY)

MTY Food Group is a highly diversified quick-service ("fast-food") holding company. It owns dozens of brands; some of the best known include Thai Express, Tutti Fruitti, Mr. Sub, and Jugo Juice. MTY did extremely well in October, gaining 10% while the S&P/TSX composite index fell 7.5%. It's not hard to see why it did. With 28% revenue growth, 13% earnings growth, and a 20% return on equity, it's a highly profitable fast-growing machine. It also pays a dividend, yielding a modest 0.86%, which cements this stock's status as a true RRSP pick.

Canadian National Railway (TSX:CNR)(NYSE:CNI)

CN Railway is a contrarian investor's best friend, with a low valuation, modest dividend income, and strong growth. It's also a strong retirement pick, because its income is pretty dependable, assured by the company's de-facto monopoly over its service area. One thing to note about this stock is that its earnings are not exactly an uninterrupted march upward. The stock has definitely had some earnings misses in the past few years. But on the whole, it is trending up, with solid gains and a pretty respectable performance in the rough month of October.

Bank of Nova Scotia (TSX:BNS)(NYSE:BNS)

Last but not least, we get to Scotiabank.

This bank stock has a lot going for it. It's priced low, with a 10.44 P/E ratio, a 1.43 price-to-book ratio and a 1.36 PEG ratio. It pays a generous dividend, which yields 4.8% at the time of this writing. It also has a profit margin of 32%, which means that the underlying business is mega-profitable. One slight sore spot for this business is a 3% decline in earnings in its most recent quarter, although that's mainly because of acquisition costs. Take these costs out of the equation and earnings rose 7% for the quarter.

Bottom line

When investing for retirement, it pays to play it safe. But that doesn't mean you have to count out growth entirely. As MTY shows, it's entirely possible to find a stable and cheap stock that also has underlying earnings growth. And you can even net yourself a little dividend income on top of those steady gains.

CATEGORY

1. Dividend Stocks
2. Investing

POST TAG

1. Editor's Choice

TICKERS GLOBAL

1. NYSE:BNS (The Bank of Nova Scotia)
2. NYSE:CNI (Canadian National Railway Company)
3. TSX:BNS (Bank Of Nova Scotia)
4. TSX:CNR (Canadian National Railway Company)
5. TSX:MTY (MTY Food Group)

PARTNER-FEEDS

1. Msn
2. Newscred
3. Sharewise
4. Yahoo CA

Category

1. Dividend Stocks
2. Investing

Tags

1. Editor's Choice

Date
2025/07/21
Date Created
2018/11/13
Author
andrewbutton