2 Stocks for the Conservative Investor

Description

The S&P/TSX Composite Index dropped 120 points on January 22. This snapped a 12-session winning streak, which was the longest since 2014. The TSX has enjoyed its best January performance since 1980, but I have discussed why economic headwinds should still have investors preparing for volatility.

Conservative investing is an investment strategy that seeks to preserve a portfolio's value. Investors who pursue this strategy typically target low-risk securities. When they do dip into stocks, it is usually blue-chip or large-cap equities in pursuit of further stability.

Renewed volatility and rising risks in the global economy may be sparking other investors to adopt this strategy. Today, we are going to look at two stocks that would be at home in a conservative portfolio.

Rogers Communications (TSX:RCI.B)(NYSE:RCI)

Rogers Communications is the largest wireless service provider in Canada. Shares of Rogers have climbed 4.3% in 2019 as of close on January 22. The stock has increased 16.6% year over year.

Rogers is expected to release its fourth-quarter and full-year results for 2018 on Thursday. In the third quarter, Rogers reported postpaid net additions of 124,000 and service revenue growth of 5%. Internet revenue experienced 8% year-over-year growth. For the first nine months of 2018, Rogers posted a 20% increase in adjusted net income to $1.65 billion.

Rogers has feasted on wireless growth in recent quarters and boasts a wide economic moat with a strong foothold in the domestic market. The company last paid out a quarterly dividend of $0.48 per share, which represents a 2.6% yield. There is one caveat as we enter the stretch run in January. Rogers last boasted an RSI of 67 as of close on January 22, which is close to overbought territory. Investors looking to add the stock may want to wait for a pullback as the broader TSX looks overheated right now.

Waste Connections (TSX:WCN)(NYSE:WCN)

What is more conservative than a waste and recycling services company? Waste Connections is the third-largest integrated provider of waste services in North America. Shares have climbed 18.7% year over year.

Waste Connections is set to release its fourth-quarter and full-year results for 2018 on February 14. In the third quarter, the company reported revenue of $1.28 billion, which exceeded its guidance. Adjusted net income rose 15% year over year to $181.9 million, or $0.69 per share. Waste Connections also bumped up its dividend payout by 14.3% to $0.16 per share. This represents a modest 0.7% yield. This illustrates why the stock is attractive mainly as a growth play.

As far as its valuation today, investors should exercise the same caution that we have gone over with Rogers. Waste Connections stock also last had an RSI of 67, putting it in the same territory as Rogers stock in late January. The early 2019 rebound has been a nice start to the year, but investors looking to splurge should be patient as asset prices are high right now. Waste Connections stock is no exception, but it is still a worthy target for a conservative portfolio aimed at long-term stability.

CATEGORY

1. Investing

POST TAG

1. Editor's Choice

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2. NYSE:WCN (Waste Connections)
3. TSX:RCI.B (Rogers Communications Inc.)
4. TSX:WCN (Waste Connections)

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Date

2025/07/06
Date Created
2019/01/23
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