Avoid Stomach-Churning Losses in 2020 With 2 Low-Risk Stocks

Description

You must have seen a lot of people sticking to interest-based low incomes instead of investing money in the stock market. The reason they present is straightforward: risk.

To some people, the stock market always looks like a high-risk and highly volatile place in which to put their hard-earned money. But investors like you should understand that it's not true.

There are a lot of companies in the stock market that present low-risk investment opportunities. These are the companies that don't necessarily follow the ups and downs of the market and continue along their own path. While being safe, these investments can provide better returns through capital gains and dividends than even the best interest rates.

I am basing my assessment of low-risk stocks on the basis of a volatility measure – beta. Though volatility and risk are different factors to consider in stock, less volatile stocks, in general, tend to be low-risk as well. **Metro** (TSX:MRU) and **Rogers Communications** (TSX:RCI.B)(NYSE:RCI) are two low-risk stocks to consider if you want to avoid potential losses as you enter a new year.

A food and pharmacy leader

Metro has been around since 1947. The company started as an alliance of a few grocery retailers to compete with large food chains. The company entered the pharmaceutical business in 1986. Currently, Metro owns and operates more than 600 food stores and 650 pharmacies all across the country.

The business model and the products themselves make up for a recession-resistant and evergreen business. The company's core products are necessities: food and medicine. These are products that everyone needs, no matter how harsh the economic conditions get.

But another plus of Metro's low-risk stock is its beta. A near-zero beta of 0.14 means that the company is not following the movements of the S&P/TSX index. Usually, it means that the company is low-risk but also less profitable. But it's not true in the case of Metro.

Currently, the company is trading at $54.7 per share. This market value has grown by 95% in the past five years, a stark comparison to the S&P/TSX index's 17.5% growth over the same period. Metro is also a dividend aristocrat with a history of increasing payouts for six consecutive years. The current yield is 1.39%.

Communication giant

Rogers communication is one of the largest communications companies in the country, with a market cap of $32.8 billion. Rogers has a diversified range of products and services, and a strong media presence. The company is also focusing on innovation and future technologies like the internet of things and cloud computing.

Despite a substantial stake in tech, one of the most volatile investment sectors, Rogers has a surprisingly low beta of 0.27 – very little correlation to the index. The company is low-risk, as well as future-oriented.

Rogers also provides a decent mix of dividends and growth. The company has grown 44.4% in market value in the past five years. Right now, the company is trading at $64 per share. With a price-to-earnings of 15.9, which is low compared to its peers, the company is relatively undervalued right now. Rogers also offers a juicier dividend yield of 3.16%.

Foolish takeaway

The recession alarms are ringing, and investors are wary of the coming year. If you think your assets might take a severe hit if the market goes down, Metro and Rogers might prove good options. You are less likely to incur significant losses with such low-risk companies.

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1. Dividend Stocks
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2. TSX:MRU (Metro Inc.)
3. TSX:RCI.B (Rogers Communications Inc.)

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