2 Low Volatility TSX Stocks to Stabilize Your Portfolio

Description

Markets across the world have been extremely volatile the last two weeks, as fear and uncertainty continue to grow among investors' minds.

The problem with fear and uncertainty is that the longer it goes on without any clear answers to the questions investors are asking, the more fear it naturally breeds, creating a viscous cycle.

As fear continues to grow, volatility will be growing hand in hand, potentially causing some major concerns for investors with higher risk stocks in their portfolio.

One way to mitigate this risk is to ensure that the total volatility in your portfolio is as low as possible in order to minimize wild fluctuations in the value of your investments.

You can't just buy the lowest volatility stocks, however, as owning high-quality businesses is still the most important factor for any investment.

That said, two low volatility stocks that are also great long-term companies to own are **BCE Inc** (TSX:BCE)(NYSE:BCE) and **Fortis Inc** (TSX:FTS)(NYSE:FTS).

BCE

BCE is the biggest telecom in Canada, putting it in a major position of strength amid an industry that continues to become more important to our economy each year.

Communication has for a long time been evolving from a luxury and a want for many consumers to a necessity. With the introduction of 5G technology right around the corner, the communication sector will continue to become even more important.

The company is extremely attractive for investors, especially amid the rising uncertainty and volatility.

From February 24, when the major sell-off started, up until Monday's close, the **TSX 60 Index** was down by roughly 17%. BCE on the other hand, was down just 9.6%.

The lower volatility of its shares is evidenced by the stock's beta, which is just 0.55. Even on Monday, when the **TSX** plummeted more than 10%, BCE was down less than 8%, so it's clear that its shares aren't as volatile.

In addition to the stability it can provide, it pays a rewarding dividend that yields more than 5.5% and is perfect for investors if we enter a recession.

Plus, it's priced fairly reasonably, as investors can pay less than 18 times earnings for high-quality stock with all these benefits.

Fortis

Fortis is the leading utility stock on the TSX — a perfect company to buy at this point in the market cycle.

Utilities are the quintessential recession-proof investment, and Fortis is the top stock of the bunch. The regulated nature of Fortis' revenue and the importance of the services it provides its customers is what makes it such a high-quality stock to hold even through a recession.

It has diversified operations with businesses in multiple jurisdictions to help lower risk in addition to providing it with multiple growth opportunities.

Its beta is just 0.24, meaning that the stock is not very volatile, as you'll see by its performance the last two weeks.

Similar to BCE, since February 24, Fortis is down just 5% in comparison to the **TSX 60,** which is down more than 15%. On Monday, when the TSX was down more than 10% in one day, Fortis was down less than 7%.

Whether or not we see a recession, it's crucial that investors help to improve the stability of their portfolio with companies that will also perform well in good times. That way, no matter what happens, your wealth is growing in addition to being well protected.

Bottom line

Coincidentally, both stocks are top Dividend Aristocrats, as dividend stocks are some of the best investments you can own in times of trouble.

They also both operate businesses that aren't easily substituted in a recession, so look for businesses that are staples of the economy, as these will be some of the top long-term stocks to own.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:BCE (BCE Inc.)
2. NYSE:FTS (Fortis Inc.)
3. TSX:BCE (BCE Inc.)
4. TSX:FTS (Fortis Inc.)

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