



## 3 Low-Volatility Stocks for Beginners

### Description

It is no secret that stocks can swing up and down over time. Generally, the smaller the company, the larger the swing. For newer investors, seeing wild swings up or down can be a lot to handle psychologically. Therefore, it may be better for a newer investor to build their portfolio around stocks with low volatility.

In this article, I provide three stocks I think have great upside in terms of growth but have also shown low volatility over the past five years. Volatility will be judged based on a company's beta. A beta of one indicates that the amount a stock swings up and down is equal to that of the market, a higher beta indicates the stock swings more than the market, and a lower beta suggests the stock swings less intensely than the market.

### A leading technology company

I have previously written an in-depth article about **Constellation Software** ([TSX:CSU](#)), but I felt that its combination of low volatility and excellent potential growth is perfect for this article. Constellation has made a name for itself by acquiring great technology companies and providing the coaching necessary to turn that company into an excellent one. Since being founded in 1995, Constellation has acquired more than 260 start-ups.

One of the largest companies in Canada by market cap, Constellation has a beta of 0.60. Its stock has grown more than 195% over the past five years in what seems to be a straight upwards trend. The company is still focused on growing in the future, so this could be an excellent company for the foundation of your portfolio.

### A renewable energy leader

In my opinion, **Algonquin Power & Utilities** ([TSX:AQN](#))([NYSE:AQN](#)) is [one of the best utility companies](#) in Canada. Through its subsidiary, Liberty Power, Algonquin operates 36 wind, solar, hydro, and thermal energy facilities across North America. The company plans to continue growing in

the future by acquiring new facilities, working with communities to develop new wind and solar facilities and partnering with third parties that can benefit from the assets that Liberty Power can provide.

A much smaller company than Constellation, Algonquin is on the larger end of a mid-cap company (market cap of just under \$10 billion). As is normal for utility companies, it has a very low beta of 0.34. Algonquin stock is up more than 97% over the past five years, and that number was even higher pre-pandemic (133% growth over the past five years). This company is also an excellent provider of dividends, as it is listed among the Canadian Dividend Aristocrats, having increased its distribution for nine consecutive years.

## An up-and-coming renewable energy producer

Finally, we get to our last company of the article, **Innergex Renewable Energy** ([TSX:INE](#)). Admittedly, I have just recently come across this company, but as I kept reading about it, I found myself becoming a big fan of what it's doing, and I think it would be a great addition to this list.

Innergex operates 69 hydro, wind, and solar energy facilities in Canada, the United States, France, and Chile. It has recently [secured land rights](#) to develop more facilities across North America. The company is backed by Hydro-Quebec, which owns a 20% stake in the company.

The smallest company on the list (\$3.3 billion market cap), Innergex has a beta of 0.33. Its stock has grown about 80% over the past five years. As renewable energy becomes more prevalent around the world, this company is sure to benefit and further grow in the future.

## Foolish takeaway

If you do not have the stomach to see your investments swing wildly up and down, then sticking to stocks with lower volatility may be better for you. Fortunately, you do not need to give up a lot of growth if you decide to do this. I have provided examples of three companies that have low volatility but can still grow much larger in the future.

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## TICKERS GLOBAL

1. NYSE:AQN (Algonquin Power & Utilities Corp.)
2. TSX:AQN (Algonquin Power & Utilities Corp.)
3. TSX:CSU (Constellation Software Inc.)
4. TSX:INE (Innergex Renewable Energy)

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