7 Great Low-Risk Stocks to Add to a TSX Portfolio

Description

There's never a wrong time to safety-proof a stock portfolio. One of the best ways to do this is to add asset types that perform well no matter what the market or the economy is doing. Consumer staples offer a range of plays that suit every portfolio type.

Let's explore four stocks that satisfy a growth thesis in the consumer staples space before examining more routes of low-risk upside.

Consumer staple stocks are an all-weather play

One way to access the consumer staples sector is through grocery outlets. **Loblaw Companies** and **Alimentation Couche-Tard** are similar plays in this space. Both names are strongly diversified, though they offer exposure to different types of diversification.

For instance, Loblaw covers a panoply of Canada-centric businesses ranging from Joe Fresh to Shoppers Drug Mart. As such, it's a quick way to plug straight into some of Canada's strongest grocery and medical retail names. The company's umbrella of businesses has been indispensable to Canadians during the pandemic.

Alimentation Couche-Tard is also diversified across businesses. It's a strong buy for access to grocery and tobacco sales, as well as a spread of acquired companies such as Circle K and Statoil. What really makes Alimentation Couche-Tard such a strong pick is its international diversification.

For a pure-play on consumer staples, investors can also look to producers. **Saputo** sports a 2% and a strong command of the Canadian dairy industry. This is a company with a wide economic moat and decent fundamentals.

Nutrien is another great wide-moat business. It's selling at around half its fair value. It's had a great year in terms of earnings growth, even if its actual share price hasn't reflected this.

Gold is still galloping higher

The **TSX Composite Index** has lost 5.7% year on year. But this shows surprising resilience given the extreme economic situation. However, much of that apparent stability comes from steep rallies typified by bulls running risky names.

Investors should not gloss over the calamitous market crash that ripped through equities back in March. Instead, shareholders looking for long, quality positions should identify individual stocks that have outperformed.

Gold stocks have replaced cannabis as high-momentum plays this year. **Franco-Nevada** has gained 39% in the last 12 months. **Barrick Gold** has performed even better, gaining 45.5% since this time last year.

Both stocks also pay dividends, making these gold miners a strong play for years of defensive passive income. Barrick's is the richer dividend, paying a 1% yield to Franco-Nevada's 0.76%.

Meanwhile, the TSX has found a hero in tech stocks. **Constellation Software** has appreciated 21% since last June. This nevertheless represents strong growth, even if it's not the steepest tech climber right now.

This growth curve could continue as the market rewards digital stocks. A 0.35% yield with a low 26% payout ratio suggests room for dividend growth in the long term.

Investors can safety-proof mixing big names in precious metals mining with wide-moat food stocks and outperforming tech. But this is safety-proofing with profits.

By picking defensive names that have crushed the market, it's possible to get the best of both worlds.

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