



## 2 Safe Stocks That Never Drop!

### Description

Not everyone is seeking out growth and volatility. Some investors prefer a more conservative approach. Depending on your investment strategy, you may want to add exposure to safe stocks that are much more resilient to market crashes.

With that in mind, here are my top two picks for safe stocks with steady returns and low volatility.

### Safe stock 1

**Loblaw Companies** ([TSX:L](#)) is arguably one of the safest stocks in the country right now. The grocery business is the definition of an essential service. Even at the height of the pandemic panic last year, people queued up to get their weekly fix. Loblaw's stock dipped a mere 6%, while the rest of the market lost double-digits.

If you placed \$1,000 in Loblaw's a decade ago, you'd have \$2,000 now. With dividends reinvested, your returns would have probably been greater. Put simply, Loblaw's is a robust business with steady growth that could serve as a safe haven for your cash.

The 2% dividend yield isn't extraordinary, but is backed by predictable cash flows. Meanwhile, the stock seems underpriced. It's currently trading at just 20 times earnings per share.

### Safe stock 2

**Fortis Inc.** ([TSX:FTS](#))([NYSE:FTS](#)) is probably the only company that's comparable to Loblaw's in terms of steadiness. The stock lost 20% of its value during the market crash of 2020, but recovered quickly. It's now trading at 20 times earnings per share. Just like Loblaw's.

However, Fortis has several advantages over Loblaws. For one, it offers a better dividend. The [dividend yield is 3.8%](#), roughly twice as high as Loblaws. That dividend is also expanding faster. Fortis has hiked the dividend every year for the past 46 years! It intends to keep dividend growth up for the next five years as well.

Fortis stock has also outperformed Loblaws. Over the past ten years, the total return has been 7.8% compounded annually. That's better than the rest of the stock market and most other defensive stocks.

Another clear advantage Fortis has over Loblaws is the business model. Unlike groceries, electricity is tightly regulated. That means each region or community is served by only a handful of producers. It's a natural monopoly that lets Fortis reinvest heavily and expand over time.

## Bottom line

The best way to guarantee peace-of-mind is to focus the majority of your portfolio is "safe stocks." In other words, if most of your wealth is tied up in boring stocks that offer steady returns over time, you can speculate with the rest. You could boost growth with higher risk elsewhere.

Canada's most defensive stocks are in utilities, healthcare and groceries. My top two picks are Loblaws and Fortis. Loblaws is a clear leader in an industry that defines essential services. However, Fortis has performed better in the past, has a natural monopoly and offers a higher dividend yield.

Consider adding either one to bolster your portfolio.

### CATEGORY

1. Investing

### TICKERS GLOBAL

1. NYSE:FTS (Fortis Inc.)
2. TSX:FTS (Fortis Inc.)
3. TSX:L (Loblaw Companies Limited)

### PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Quote Media
6. Sharewise
7. Yahoo CA

### Category

1. Investing

### Date

---

2025/09/30

**Date Created**

2021/03/18

**Author**

vraisinghani

default watermark

default watermark