Want to Create a Rock-Solid Portfolio? 2 Stocks for 2021 and Beyond

Description

It's virtually impossible to create an investment portfolio that guarantees a no-loss scenario, unless you are creating a fixed-income portfolio. But that would require you to content with minimal returns. If you want your savings to grow at a decent enough pace and do more for your financial future than simply outpace inflation, you need to develop a healthy risk tolerance.

That doesn't mean you should create a "dare-devil" portfolio. Even in the stock market, there are several conservative options that offer low-risk and decent long-term growth prospects. So, if you want to create a rock-solid portfolio comprised of relatively safe stocks, two companies should be on your radar.

An aviation acquisition company

Exchange Income Fund (TSX:EIF) has proven its resilience and strength during the 2020 market crash. Because of its association with the airline industry, which got decimated during the pandemic and is still struggling towards a more "normalized" environment, EIF stock fell well over 60% during the crash. It took a lot of time, but now the stock is trading at a price that's relatively closer to its pre-pandemic valuation.

EIF is also a Dividend Aristocrat, and even though its revenues fell quite a bit in 2020 (and the payout ratio exceeded 200%), the company didn't slash its dividends. The revenue position is improving. Even though the payout ratio is currently worse than it was in 2020, it's improbable that the company will break its streak and slash its dividends. It currently offers a juicy yield of 5.6% and a 10-year CAGR of 14.6%, making it a decent and safe long-term prospect.

The second-oldest aristocrat

Fortis (TSX:FTS)(NYSE:FTS) has almost become synonymous with "safe TSX stocks." It *is* one of the most rock-solid stocks currently trading in the stock market, and that's not just because of its 47-year long dividend-growth streak (second highest in the country). The company is in the utility business, providing electricity and natural gas to millions of consumers in the U.S. and Canada, among a few other countries.

The company is innovative about future preparation and is already taking steps to reduce its carbon emissions. In a relatively greener future from now on, utility producers that are still stuck to obsolete energy sources might “filter down” either through sanctions or consumer consensus. If Fortis is trying to get ahead of this natural transition, it means the company has an adequate future growth plan.

It currently offers a generous 4.1% yield, and while its historical growth is relatively slow, it’s still growing. The company doesn’t suffer from stagnant or cyclical market valuation than some other industry giants do.

Foolish takeaway

Both Fortis and Exchange income have different strategies and safety anchors. EIF relies on acquisitions for sustenance and growth, whereas Fortis might be able to grow even more significantly by increasing its consumer pool for either utility service. These two companies have in common that they can help you create a rock-solid investment portfolio.

CATEGORY

1. Dividend Stocks
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