2 Beginner-Friendly, Canadian, Blue-Chip Stocks to Buy and Hold Forever

### Description

All stocks, regardless of how solid they are, have market risk. This is the inevitable ups-and-downs in your stock's value due to the movements of the overall market. Market risk is what causes even the most solid of blue-chip stocks to dip in the event of a market crash. For new investors, market risk can be hard to accept and should be accepted as a lesson that investing in all stocks, even blue-chip ones, carry risk.



However, some stock market sectors are more resilient. By resilient, I mean they have a lower beta, which is a measure of how sensitive a stock is to the overall market (which has a beta of one). A stock with a beta of 0.5, for example, is likely to move in the same direction as the market, but only about half as much. A stock with a beta of three is likely to move three times as much as the market in the same direction.

If you're a new investor, aiming for a low-volatility approach via stocks with lower-than-average betas could be a good way to invest long-term, especially if the stock pays a strong growing dividend you can reinvest to compound returns faster. A great place to start is in the utilities sector of the TSX. Let's look at my top picks today.

## Fortis

**Fortis** (TSX:FTS)(NYSE:FTS), is arguably Canada's leading utilities company, serving customers across the country. Like most utilities stocks, it operates in a tightly regulated, monopolistic industry and thus faces little competition or disruption to its margins or customer base.

Currently, Fortis has a five-year monthly beta of just 0.14, which makes it significantly less sensitive and volatile compared to the overall market. Case in point, as of writing, Fortis is only down 1.34% year to date compared to the 7.59% loss suffered by the S&P/TSX 60 Index.

Notably, Fortis has an unbroken 48-year streak of consecutive dividend payouts and increases (qualifying it as a Dividend Aristocrat. Currently, the stock pays an above-average forward annual dividend yield of 3.59%, which is the rate an investor is estimated to receive moving forward if the company's last dividend payment remains steady.

## Canadian Utilities

**Canadian Utilities** (TSX:CU) is one of Fortis's main competitors. It provides regulated electricity transmission and distribution services in Alberta, the Yukon, and the Northwest Territories and integrated natural gas transmission and distribution services in Alberta and Saskatchewan.

The company has a higher beta than Fortis does. As of right now, it sits at 0.58, making Canadian Utilities slightly more than half as volatile as the overall market. That being said, Canadian Utilities has outperformed both Fortis and the market year to date with an 8.99% gain.

Compared to Fortis, Canadian utilities also pays a higher forward annual dividend yield of 4.48%, which is high, even compared to stocks from other dividend-paying sectors like financials or energy. This yield has been consistent for some time, with a five-year average dividend yield of 4.68%.

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2. Stocks for Beginners

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2. TSX:CU (Canadian Utilities Limited)
3. TSX:FTS (Fortis Inc.)



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tdong