



3 Stocks for Conservative Portfolios

Description

Ever since the stock markets recovered from the COVID-19 crash, we've seen a lot of portfolios become more aggressive. Many investors are focusing on high-growth companies, and some are heavily invested in meme stocks. While it's fine to allocate some of your portfolio towards those companies (I'm personally invested in high-growth companies but not fond of meme stocks), the bulk of your portfolio should contain more conservative companies that have proven to be compounding machines.

“Boring can be beautiful”

The header for this section is a phrase often said by Warren Buffett, who claims that investing shouldn't be exciting. He believes that some of the best companies in the world have “boring” businesses. At the end of the day, investing is about making money — not having fun. Therefore, boring businesses that have managed to produce strong returns on a consistent basis should be contenders for your portfolio. An example of such a company is **Brookfield Asset Management** (TSX:BAM.A)([NYSE:BAM](#)).

As its name suggests, Brookfield Asset Management is an alternative asset management firm. The company invests in real assets such as real estate, infrastructure, and utilities. Over the past decade, this company has managed to produce an average annual return of 18.4%. To put that into perspective, the **TSX** has returned 4.3% per year over the same period. Last week, the company announced that it would be partnering with **Tesla** to develop the [world's first sustainable neighbourhood](#).

Choose Canada's most reliable industry

Canadian banks are among the most popular companies to invest in among Canadians. One reason for this is because of how regulated that industry is. As a result of the tight federal regulations, a group of five companies have risen to dominate the Canadian banking industry. These companies have been dubbed the Big Five. Of that group, **Bank of Nova Scotia** ([TSX:BNS](#))([NYSE:BNS](#)) stands out as the

best option today.

While all of the companies in the Big Five have similar returns and dividend yields, Bank of Nova Scotia differentiates itself from its peers in that it has established itself outside of North America. The company operates in the Pacific Alliance. Due to a rapidly growing middle class, economists forecast that this region will grow at a much faster rate than the G7 over the next few years. If that ends up being the case, then Bank of Nova Scotia could see its business boom, and its stock price could separate from its peers in the future.

This company holds the second-longest active dividend-growth streak in Canada

When thinking of stocks for a conservative portfolio, investors should first look at dividend stocks. However, [one common mistake](#) investors will make is judging dividend stocks by its yield. Instead, investors should look at a metric like dividend-growth streak. That's a much better way to assess whether a company's dividend is safe, since a longer streak indicates that company management can properly allocate capital. With that in mind, consider adding **Fortis** ([TSX:FTS](#))([NYSE:FTS](#)) to your portfolio.

Fortis provides electric and gas utilities to 3.4 million customers across Canada, the United States, and the Caribbean. As of this writing, Fortis holds the second-longest active dividend-growth streak at 47 years. To put that into perspective, this company has been able to continue raising its dividend, despite major downturns like the dot-com bubble, the Great Recession, and the COVID-19 pandemic. If you're looking for a solid dividend stock for a conservative portfolio, look no further than Fortis.

CATEGORY

1. Dividend Stocks
2. Investing

POST TAG

1. bank
2. Bank stocks
3. banking
4. brookfield asset management
5. Brookfield Asset Management stock
6. canada
7. canadian banks
8. dividend
9. dividend stock
10. dividend stocks
11. Editor's Choice
12. Fortis
13. fortis stock
14. investing
15. long term growth

- 16. market
- 17. Stocks
- 18. utilities

TICKERS GLOBAL

- 1. NYSE:BN (Brookfield Corporation)
- 2. NYSE:BNS (The Bank of Nova Scotia)
- 3. NYSE:FTS (Fortis Inc.)
- 4. TSX:FTS (Fortis Inc.)

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- 4. Newscred
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- 6. Sharewise
- 7. Yahoo CA

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- 15. long term growth
- 16. market
- 17. Stocks
- 18. utilities

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