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Three Low-Volatility Stocks That Raise Red Flags for Investors

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Low-volatility stocks are often seen as a safer bet for risk-averse investors, but they aren't always the best path to long-term growth. While these companies might weather market storms with less turbulence, their financial performance can still lag. In a time when returns matter more than ever, it's important to look beyond surface-level stability. Here are three U.S.-listed stocks with lower-than-average volatility that investors might want to reconsider.

Altice USA (ATUS): Weak Demand, Weak Fundamentals

Rolling One-Year Beta: 0.63

Altice USA, Inc. (NYSE: ATUS), headquartered in Long Island City, is a telecommunications provider offering broadband internet, cable television, and phone services across the United States. Despite its steady presence, Altice's numbers tell a more concerning story. Subscriber growth has been stagnant, with broadband signups falling short over the past two years, a troubling sign in a sector where demand is usually consistent.

Moreover, the company's earnings per share (EPS) have dropped faster than revenue, signaling a decline in profitability. Its dwindling cash reserves could also force it into a capital raise that dilutes shareholder value. While trading at a modest 0.4x forward EV-to-EBITDA (Enterprise Value to Earnings Before Interest, Taxes, Depreciation, and Amortization), the fundamentals simply don't support a bullish case.

Hasbro (HAS): Toys Alone Aren't Enough

Rolling One-Year Beta: 0.93

Hasbro, Inc. (NASDAQ: HAS), the toy and entertainment giant behind Mr. Potato Head and Monopoly, has seen better days. Over the past five years, Hasbro's annual sales have declined by an average of 3.5%, suggesting its offerings are losing appeal in a shifting marketplace. This isn't just about toys anymore; it's about failing to adapt.

The company has also struggled with rising expenses, squeezing operating margins, and underwhelming returns on invested capital. With a forward price-to-earnings (P/E) ratio of 18.4x, Hasbro is priced like a growth stock but is delivering little growth. Investors might be better off looking elsewhere in the consumer discretionary sector.

Acadia Healthcare (ACHC): Healthcare Exposure, Limited Upside

Rolling One-Year Beta: 0.76

Acadia Healthcare Company, Inc. (NASDAQ: ACHC) operates a national network of over 250 facilities for mental health and addiction treatment, spanning 38 states and Puerto Rico. While behavioral healthcare is an essential service, the company's performance hasn't lived up to expectations.

With revenue growth averaging just 2% annually over the last five years, Acadia lags behind broader industry benchmarks. Patient admissions have slipped recently, signaling

operational headwinds. Even more concerning, its free cash flow margin, a key measure of financial health, has dropped 30 percentage points, indicating rising costs and capital intensity. Trading at 8.4x forward P/E, the stock may appear cheap, but its trajectory is anything but reassuring.

What to Consider Instead

In an uncertain economic environment, investors should seek quality companies that combine solid fundamentals with growth potential. For example, stocks that rebounded strongly after President Trump's 2024 tariff plan show the value of staying the course with resilient businesses.

Between March 2020 and March 2025, names like Nvidia delivered returns of over 1,500%, and smaller players like Comfort Systems saw gains exceeding 700%. These aren't flukes; they're proof that strong fundamentals and smart strategy matter more than beta values or "safe" appearances.

For those ready to move beyond low-volatility plays with questionable outlooks, StockStory offers free tools to identify high-quality U.S. companies with a history of outperforming the market. It's not about chasing hype, it's about owning businesses that win, even in a tougher climate.