



Why Buying Fortis Stock Will Help You Weather a Stormy Equity Market

Description

Don't be misled (roll credits!) by the fact that in the last completed quarter, the net income of **Fortis Inc.** ([TSX:FTS](#))([NYSE:FTS](#)) dipped by 35.10% year over year. Why? Because despite this apparent decline, a 35% decline actually represented the strongest performance by any company in the same industry. Need more convincing? You've got it! Here's why Fortis is a buy.

An industry leader that continues to pay out

With Fortis currently sitting at a 20-day high of \$43.28, you might think that sitting it out would be a good idea. The fact is, though, that Fortis stock is following an industry-wide trend at the moment, with both peaks and troughs a little shallower than last year. Buying now is a safe bet, as fluctuations like these aren't set to make a huge difference to share price for the time being.

Fortis also happens to be one of the best dividend stocks in its industry: with a 13.55% net profit margin, its revenues-to-bottom-line income makes it a strong contender. With a current dividend yield of 3.83%, and usually hovering just shy of 4%, ignoring the potential mid-term impact of U.S. tax reforms and looking to long-term income makes sense.

Playing defence is a strong tactic in today's volatile market

Gas and electricity are must-haves, no matter what the economy is doing, so holding on to a mature stock in this sector is a strong defensive move. It's also a growth utility, and with 60% of earnings coming from the U.S., it's a solid company that's not going anywhere any time soon.

If that doesn't sound diversified enough for you, take a look at this: its asset base comprises 3.2 million customers across not only Canada and the U.S., but also across the Caribbean. It also recently bought up ITC Holdings Corp., leading to a 65% increase in overall earnings.

With pessimism still rampant and a lot of stock prices still rising, it's hard to call the end of the bull market with a straight face. While some commentators marked the start of the year as the tipping point of a weird bear market, uncertainty still abounds. With all this unpredictability, [holding defensive stocks makes a lot of sense](#).

It's a dividend stock with a bright future

Emboldened by its uptick in fortunes, Fortis has vowed to increase its per-share payout by 6% between now and 2021. One to hold on to, Fortis would represent an assured cash flow in your portfolio, as well as a solid energy sector stock if you don't already have one. A [dividend grower](#) in the same stable as **Emera Inc.**, Fortis continues to increase its dividend year on year.

With all of its energy assets contracted or regulated, Fortis is a comfortable stock to own. The outlook for years ahead is also bright, with dividends set to increase, as more of Fortis's projects get the green light.

The bottom line

Defensive income makes a *lot* of sense at the moment, and of all the best defensive stocks out there, Fortis is one of the strongest. A perennial growth stock, add this solid energy player to your portfolio as a long-term fallback.

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