



## A Dividend Stock I'm Buying Heading Into a Bear Market

### Description

As a new investor facing volatile times for the first time, the best thing you can do is tune out the overly [negative noise](#) that you hear from the talking heads on TV.

By listening to an overload of pessimism after a substantial sell-off, you may be searching for reasons to sell your stocks. And while it's painful to see your holdings fall by triple digits on any given day, you'll feel much worse when you sell on the dip and miss out on a potential rebound.

Today's market is highly [unpredictable](#), and it'll likely continue to fluctuate violently in both directions on news that's impossible to foresee. Last Friday's U.S. job numbers were rocket fuel for the market after it took a step back following the release of some meagre manufacturing numbers earlier in the week.

As long as there's a high degree of uncertainty, there will continue to be 180-degree shifts in investor sentiment.

So, stick with a game plan and don't be afraid of the prospect of a bear market, as it can be tamed with the right portfolio allocation.

Nobody knows when the bear will finally rear its ugly head, but it will likely be when we expect it least. With that in mind, it's only prudent to have "portfolio insurance" for your portfolio in the form of defensive stocks that will hold up when the markets finally do tank, rather than looking for such insurance when your portfolio is *already* underwater.

Enter **Fortis** ([TSX:FTS](#))([NYSE:FTS](#)), my favourite portfolio insurance play, and bond proxy. Fortis is a regulated utility that's paid out a dividend for decades, and it's not about to end its impressive streak anytime soon.

The stock held up in the Great Recession, and unrattled investors still got paid their dividend as if there was no global economic disaster unfolding in the background.

The 3.4% dividend yield isn't as bountiful as it was a few months ago when the stock wasn't soaring to new all-time highs. Given the nearly guaranteed 5-6% in annual dividend growth you're getting and the

assurance of continued dividend payments through the worst of times, Fortis still seems like a fairly valued at 20.3 times next year's expected earnings.

Should recession fears get as bad as they did in the depths of last December, investors could find themselves willing to pay an even higher premium to get the protection

Most important, a big stake in Fortis will help you sleep well at night if you've been concerned about the plethora of uncertainties facing this market of late.

Stay hungry. Stay Foolish.

## **CATEGORY**

1. Dividend Stocks
2. Investing

## **TICKERS GLOBAL**

1. NYSE:FTS (Fortis Inc.)
2. TSX:FTS (Fortis Inc.)

## **PARTNER-FEEDS**

1. Business Insider
2. Msn
3. Newscred
4. Sharewise
5. Yahoo CA

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