



Waltz Into the Next Recession With This Stock

Description

The timing of the next recession remains unknown, and with central banks around the world continuing to pump liquidity into financial markets, bulls will note there may indeed be enough juice in this market to allow the bulls to run well into 2020 and beyond.

That said, having a portfolio designed to weather the storms that may or may not be on the imminent horizon is worthwhile.

In this article, I'm going to discuss why I believe **Fortis Inc.** ([TSX:FTS](#))([NYSE:FTS](#)) is a great place to start for defensive investors.

Fortis

Fortis has a solid balance sheet; while the company does hold a significant amount of debt, the company has the vast majority of its assets regulated or secured by long-term contracts.

Finding a company with a more predictable income stream is hard to do in this day and age, with the valuations of many growth stocks (think cannabis) predicated on future expectation rather than historical precedent.

From a fundamental perspective, Fortis is attractively valued at 15 times earnings, offering income-oriented investors a 3.5% dividend to be patient and wait.

For those interested in a true buy-and-hold investment strategy, finding a company like Fortis that offers such an attractive dividend along with long-term capital appreciation potential is rare in its own right.

Fortis' dividend remains solid, with a payout ratio of less than 50%, and with annual dividend increases expected to continue at the 6% rate for the next four years.

The company has raised its dividend for nearly five decades now (it will be five years if the company

indeed raises its dividend by 6% a year for the next four years).

The ability of Fortis to forecast dividend growth with a specific target and continue to hit that target over time based on earnings growth is a delight for conservative fundamental investors who value predictability with respect to dividend growth over time.

Bottom line

Should a recession hit, investors will likely experience another round of interest rate cuts, bolstering the status of high-dividend payers/growers such as Fortis.

Fortis can be viewed in many ways as a bond proxy in that regard, and should perform well in such an environment, making an investment in Fortis one key way equity investors can protect their position on the downside, and take advantage of income growth and stability when economic instability rears its ugly head in financial markets.

Stay Foolish, my friends.

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