



\$500 Invested in Fortis (TSX:FTS) Stock at the Start of 2020 Would Be Worth This Much Now!

Description

Stock markets have been hammered in 2020, as the coronavirus has caused shutdowns and lockdowns worldwide. The unemployment rate and the staggering amounts of money lost have had a profoundly negative impact on economies and wealth. And this is not over.

Fortis ([TSX:FTS](#))([NYSE:FTS](#)) stock has been the ideal stock for these difficult times. While it was hit when the markets got pummeled in March, it is down only 3% so far in 2020. That compares very favourably to the performance of the **S&P/TSX Composite Index**, which declined 9.1%.

So, if you'd invested \$500 in Fortis stock, it would be worth \$485 (plus the dividend). This works out to roughly \$500. A breakeven investment in 2020 is a very strong result!

Fortis stock: Aa defensive stock to preserve your money

Times are very difficult right now. This, along with unprecedented uncertainty, has made picking stocks challenging. It has also made us more aware of the risks that many stocks bring to our portfolios.

Fortis is a [defensive stock](#). It is one of those stocks that will not be as volatile as the rest. It is also one of those stocks that we can count on for the long term.

Why is that?

It is because Fortis is a North American leader in the regulated gas and electric utility industry. A significant portion of its revenue are regulated or are residential (82%), which is seeing an increase. Because of this, Fortis's business has been maintained throughout the pandemic. This will remain the case, as Fortis provides essential services.

Not only is Fortis's actual business extremely defensive, but the company also treats its finances very conservatively. This is nothing new, and it is not related to the coronavirus pandemic. It is what Fortis does and what it has always done. This suits the company especially well in times like these. Fortis

currently has \$5 billion in liquidity — among the highest in its industry.

Fortis's dividend is here to stay

Given the essential nature of Fortis's business, it follows that [this company's dividend has been reliable](#). Fortis has 46 years of consecutive dividend increases under its belt. And looking ahead, Fortis remains committed to 6% average annual dividend growth until 2024.

This highly predictable and reliable dividend is the result of its defensive business. It comes with the territory when a significant portion of your business is regulated. This is what makes Fortis a highly attractive stock in times of turmoil. It is why Fortis stock outperformed the TSX Index.

Foolish bottom line

With Fortis stock, we not only have downside protection, but we also have a generous yield. Currently yielding 3.65%, Fortis offers annual dividend income to supplement regular income and to add to portfolio gains. Today, the coronavirus crisis continues to put pressure on stock markets. There will probably be more rough times ahead.

Adding a stock like Fortis stock will provide you with protection as well as dividend income. Fortis stock is not a volatile one. This means that by definition, there is less downside. Security is golden these days, and Fortis provides plenty of it.

CATEGORY

1. Coronavirus
2. Dividend Stocks
3. Investing

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