



In This Crazy Stock Market, 1 TSX Company Keeps Its Cool

Description

Stock markets went crazy when COVID-19 hit the planet, and market behaviour has been weird ever since. Global exchanges, including the **Toronto Stock Exchange (TSX)**, came crashing down in mid-March 2020. In June, however, Canada's main stock market index is marching higher as if the bull market is back.

Investors should worry because the rally might be [artificial](#). A downward spiral might happen again soon as there isn't much good news to go around. Economic forecasts are bleak, and the coronavirus is still around. But in all this craziness, one company is keeping its cool. Similarly, shareholders aren't feeling anxious at all.

Stable as ever

Utility stocks are investment options for investors of all profiles. Some growth investors find them dull, but the sector attracts most income investors. If you were to invest in a utility stock for the long haul, pick the standout.

Fortis ([TSX:FTS](#))([NYSE:FTS](#)) shows the resiliency it is known for and is [stable as ever](#) in the health crisis. When a recession is imminent or a sudden market shock like coronavirus strikes, you maintain a defensive position — that's your utmost advantage if Fortis is your core holding.

Even amid the deepest recessions, Fortis tends to be very resistant to fluctuations in the economy's performance. Demand for electricity and natural gas is unchanging compared with the services of companies in other industries.

Must-buy stock

I don't need to go great lengths to explain why I am convinced that Fortis is a must-buy if you want utility exposure.

First, this \$24 billion company owns and operates utility transmission and distribution assets in Canada, the U.S. and the Caribbean. In America, Fortis owns ITC Holdings, the largest independent electricity transmission company.

Second, the utility stock is a bond-proxy because it has similar characteristics and features. The dividends are safe, with regular increases over the past 40 years. As of this writing, the stock price is \$51.83, with a corresponding dividend of 3.68%. While the yield is not the highest in the market, but should be growing in the foreseeable future.

Third, there is recurring revenue and predictable cash flow because a greater portion of the business is regulated. It is also the reason why Fortis can afford to pay consistent dividends regardless of the market environment. The current payout ratio is less than 50%.

Fourth, the infrastructure Fortis operates has never been as critical as in the 2020 pandemic. The company needs to keep the lights on and natural gas flowing. According to Fortis' CEO Barry Perry, communities and end-users can depend on the reliability of the systems.

Finally, Fortis has room to grow. The company is doing fine with modest impact during the pandemic. Hence, it's all systems go to pursue infrastructure modernization and move towards clean and green energy. With the \$18.8-billion, five-year capital plan, new projects are underway.

No timing required

There is no other stock that can weather market uncertainties better than Fortis. The best-in-class utility stock is well positioned to enhance shareholder value. You have income stability, dividend increases, diversified utility portfolio, and growth opportunities. You can take a position at any time.

CATEGORY

1. Dividend Stocks
2. Investing

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