



Stock Market Crash 2020: Your Chance to Get Rich

Description

Investors fear a stock market crash, but the 2020 version is, by far, the [most fearful](#). News of rising COVID-19 cases and economies falling into deep recessions are constantly swirling. It would be reckless to take positions in stocks.

The fear of investing is understandable, although it could also be a time to make a fortune. Stock markets have always been unpredictable. Many became billionaires during bear markets. You can view the crash as the sale of high-quality stocks and a chance to get rich.

Invest smart

Mindless buying is happening at this time of the pandemic. Day traders are lining up to pick up distressed and near-bankrupt companies hoping to sell at higher prices when the stock rebounds.

Do not speculate or follow the thinking. These are extraordinary times that require smart but cautious investing. Likewise, don't be like amateurs that are overconfident and greedy.

Differentiate gambling from serious investing. The situation is precarious such that a miss can wipe out your investment.

Stick to the time-tested formula

There's no way you can't achieve your objective if you stick to the time-tested formula. You should identify companies that will hold up better during meltdowns or stress. The business of a utility company like **Fortis** ([TSX:FTS](#))([NYSE:FTS](#)) isn't hard to understand.

The shares of this \$23.29 billion electric and gas utility company are holding up relatively well. The loss is only 5.27% year to date, and the 3.84% dividend is in no danger of being cut. The stock market will sputter from time to time, but this utility stock will remain stable every time.

In times of crisis, you need a [true-blue defensive stock](#). Fortis is recession-proof and pandemic-resistant. You're investing in a company that is keeping the lights on across North America. The assets Fortis operates have long economic lives. Most of the regulated contracts are long term and generate stable cash flows.

Fortis has a \$19 billion plan to build more in the medium to long term. The annual earnings growth would be around 5-7%. Management made a promise to raise dividends yearly by 6% until 2024.

Reinvest dividends

Since Fortis generates sustained cash flow, the company can reinvest like what most utility companies do. For investors, you can also reinvest the dividends. If you buy more shares instead of pocketing the cash, you allow your money to compound over time.

Had you invested \$10,000 in the stock five years ago, but did not reinvest the dividends, your money would be worth \$14,839.90 today. With dividend reinvestment, the value is \$15,453.55.

Dividends are rewards by companies to loyal shareholders. Payouts are usually every quarter. Fortis boasts of a 46-year dividend-growth streak, which makes it an all-star. While the yield is not among the highest, you're sure it's not a trap. The payout ratio is less than 50%, which means Fortis can support dividend growth.

Keep a long-term view

Analysts are sure the stock market will crater again. But you don't have to flee the market. Long-term investors with defensive stocks like Fortis should stay the course. You'll be enjoying your riches in the long run.

CATEGORY

1. Coronavirus
2. Dividend Stocks
3. Investing

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

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