



A TSX Stock to Buy Now and Never, Ever Sell

Description

Some skeptics wonder if Warren Buffett's [buy-and-hold strategy](#) is still viable in the modern age. In an era where young beginner retail investors would rather try to make a quick buck off rampant trading and speculation with little to no consideration for the downside risks, rather than seeking to build their wealth at an above-average rate over the long term, it's not a surprise to hear that buy-and-hold investing has fallen out of favour.

Beginners should seek to get rich slowly

Why invest for the long term with a stock as [boring](#) as **Fortis** ([TSX:FTS](#))([NYSE:FTS](#)) when you could strike it rich with a speculative bet that depends on the outcome of an exogenous binary event?

These days, new investors are likely to consider a long-term horizon as spanning a few months. But long-term investors know that a long-term horizon is measured in years, if not decades, not months. While you could beat the markets over the near term by getting lucky, it's simply unsustainable to continue crushing the markets on a month-to-month basis.

So, rather than trying to increase your trading activity, take a page out of Charlie Munger's playbook by buying shares of wonderful businesses at a reasonable price and just sitting on your bum for the next five, 10, 20, or even 30 years. Today, the markets are getting frothy, and valuations seem expensive given the slate of risks brought on by the coronavirus crisis. Instead of assuming that the coronavirus will just go away in due time with some of the harder-hit speculative stocks out there, consider initiating a position in tried-and-true stocks that are easy to evaluate in an era of profound uncertainty.

Fortis is a buy-and-hold-forever stock that's put the TSX Index to shame!

So, consider Fortis stock, an "unsexy" company that has already demonstrated tremendous resilience amid the COVID-19 pandemic, but it has yet to see its stock soar alongside the broader markets in the

most recent relief rally.

Fortis is arguably the best stock to keep your portfolio buoyed amid the COVID-19 storm, and it ought to be at the top of your shopping list with its 0.06 beta and modestly discounted valuation. If there's a stock that can zig when the markets zag, it's Fortis, which pretty much trades in its own world given its highly regulated operating cash flow stream that stands to be minimally impacted, even if a bear-case scenario plays out with this pandemic.

The bond proxy of a utility has a more compelling growth profile than most other regulated utility stalwarts out there thanks to management's abilities to capitalize on growth opportunities within the space. Fortis's above-average growth has allowed the firm to nearly guarantee 6% in annual dividend growth. Although COVID-19 may delay certain projects, Fortis will remain relatively unshaken relative to most other businesses out there, and the dividend should continue to grow in spite of mounting macro uncertainties.

With interest rates at the floor, financing costs for Fortis's growth projects will also fall alongside the demand for risk-free, fixed-income securities. As the demand for bond proxies looks to rise over the coming years, I also expect Fortis's predictable nature will allow it to command a higher multiple. So, in time, expect more profits as a result of lower borrowing costs and some multiple expansion as bond investors flock to bond proxies in search of better risk-adjusted returns.

Foolish takeaway

Fortis is a stock to buy and never, ever sell. A terrific management team, a predictable and regulated cash flow stream, and the tailwind of lower interest rates are all excellent reasons to scoop up the stock today while it's out of favour at this riskiest of market crossroads.

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