Beginner Investors: Should You Start Investing Amid a Pandemic?

Description

Many beginner investors are probably holding off on getting started investing amid this horrific pandemic. This unprecedentedly volatile market is a tough place to be in for newbies. Still, for those with the means to invest, the perfect time, I believe, is *now* and not once the pandemic is over, as a majority of the easy gains will likely be in before the coronavirus has a chance to be eliminated.

There's no question that things could get much worse, and we could be dealt another market crash that could rival the one we suffered back in February and March. Given the unprecedented backing by central banks around the world, though, it's an unlikely scenario that investors should not be waiting for.

If you've got a substantial sum to put to work, you may wish to implement a dollar-cost averaging strategy, buying stocks in quarterly increments throughout this pandemic.

But if you're sick and tired of accumulating negligible amounts of interest in those unrewarding savings accounts, it's a better idea to put any excess cash you're planning to invest in an undervalued defensive dividend stock today.

In an era of near-zero interest rates, bond proxies outshine bonds

Consider investing in shares of top-tier regulated utility **Fortis** (TSX:FTS)(NYSE:FTS), which sports a 3.5% dividend yield that's almost guaranteed to grow at a mid-single-digit annual rate.

The stock sports a low beta, making shares less likely to follow in the footsteps of the broader markets and more likely to face dampened downside if that next pandemic-driven market crash does happen to hit.

Fortis is a great buy-and-hold-forever stock. The regulated mix grants investors a tonne of certainty. While it's still not a "risk-free" asset like a fixed-income security, it is in a position to treat down-trending interest rates as a tailwind and not a headwind.

The U.S. Fed has committed not to even think about the thought of raising rates anytime soon. If COVID-19 becomes uncontrollable again, we could enter an era of negative interest rates. It's uncharted territory, but Warren Buffett isn't afraid of negative rates, nor should you be if you've got a well-diversified portfolio that's mostly free from bonds.

With zero, near-zero, or negative interest rates in the cards over the next few years, Fortis will see its borrowing costs decline further, as the company continues investing in new regulated projects to increase its operating cash flow stream.

The difference will go to finance further projects, or it'll go right back into the pockets of shareholders in the form of an upped dividend.

Foolish takeaway

As one of the growthiest regulated utilities out there, thanks to Fortis's U.S. exposure, the stock is a must-buy for beginner investors who want a good blend of everything.

Safety, a nice dividend, and decent growth that can beat the **TSX Index** over the long term, Fortis has it all. And today, shares aren't even that expensive at 1.4 times book value.

It seems as though many new investors would rather risk their shirt at a shot to make a quick buck than invest prudently to build wealth for the long term. If you're in the latter category, Fortis is a great pick today for the core of your first self-guided portfolio.

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