In a Chaotic Stock Market Here's My Top Stock to Buy Now

Description

Stock markets worldwide have suffered from the pandemic-driven economic repercussions. Some have recovered to their pre-pandemic levels, while others are still struggling. The **TSX** is still 7.6% down from its pre-pandemic high. Part of the reason is that the heavyweight sectors are still struggling — and another market crash could be just around the corner.

The stock market is far from confusing right now. There are too many new variables in the equation. The vaccine hasn't been perfected yet, and medical experts are warning people about a second wave. In this situation and a chaotic stock market, it might be hard to make sound investment decisions for many. And as I also want to play it safe, my top stock to buy now is **Fortis** (TSX:FTS)(NYSE:FTS).

A dependable company

Fortis is a by far the most extensive Utility stock. It has a market cap of $25.18 billion and an enterprise value of $39.9 billion. The company has a total of 10 utility operations in Canada, the U.S., and the Caribbean and serves over 3.3 million customers. This is the primary source of the company's revenues, and one of the reasons it's considered a reliable company, as almost everyone prioritizes paying utility bills over other expenses.

And no matter what the economic situation, people need to keep up with their utility bill payments. This means a considerable portion of Fortis's earnings is tied to a dependable source. According to the second quarter's result, the company increased its sales by 3%, mostly due to residential use, as industrial sales slumped during the COVID-19 pandemic.

In the second quarter, the revenue and operating cash flow increased compared to the second quarter last year. Most of the company's regulated utilities outperformed the previous year's results, but not regulated common equity earnings dived.

A trustworthy aristocrat

Fortis isn't just a leader in its sector; it's also one of the top players in the Dividend Aristocrat scoreboard, where it ranks second, just under **Canadian Utilities**. It has an impressive streak of dividend increases, 46 years now. And the company expects to grow its dividends by 6% on average, at least till 2024. The current payout ratio is 71%.

Apart from a very safe revenue source and an excellent dividend history, there is one more reason to love Fortis: its growth. Fortis has been steadily increasing its market value for years. The last 10 years compound annual growth rate (CAGR) is at 10.5%.

If you invest a bit over one-fifth ($15,000) of your fully stocked Tax-Free Savings Account (TFSA) in Fortis now, you might be sitting at about $300,000 in three decades. That's not taking into account the $525 a year you will receive from its 3.5% yield, and it's only going to increase in the future.

Foolish takeaway

One of the chinks in Fortis' armor *was* its dependency on coal and not having a lot of "green" in its energy portfolio. But the company is changing the situation rapidly. One of its subsidiary, Tucson Electric Power (that caters to about one-fourth of total Fortis electricity customers), is already 30% renewable and is set to go 70% by 2035. Fortis is also focusing on energy storage and renewable with other subsidiaries.

If the company keeps up its pace of going green, retaining and increasing its customer pool, there is no reason it can't keep rewarding its investors with both generous dividends and decent growth for decades to come.

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