



## Forget the Market Crash: 2 Dividend Stocks to Buy and Hold

### Description

The economic disruptions caused by the novel coronavirus has got investors worried about the potential of another stock market crash. Investors can outright ignore the market crash if they have a long enough investment horizon to buy and hold these [defensive dividend stocks](#).

If you don't need your money for at least five years, it's a much better idea to put it in one of these dividend stocks than in a GIC that earns an annualized interest rate of about 2% right now.

### Fortis stock

**Fortis** ([TSX:FTS](#))([NYSE:FTS](#)) stock is popular among conservative investors. Many retirees and income investors have it in their diversified investment portfolios.

It has one of the longest streaks of dividend growth on the **TSX**. Specifically, Fortis stock has increased its dividends for 46 consecutive years with a three-year dividend growth rate of 6.2%.

Fortis delivers reliable electricity and gas to its customers. The diversified regulated utility remains defensive during the pandemic, as approximately 82% of its revenues are protected by regulatory mechanisms (about 63%) or from residential sales (about 19%).

With a five-year capital growth plan of \$18.8 billion that should translate to roughly 7% of rate base growth, Fortis can continue growing its dividend at a 6% rate through 2024. It will provide an updated five-year outlook tomorrow, which should give more clarity on the company's future prospects.

At \$52.50 per share, Fortis stock is reasonably priced. It offers a yield of 3.6% and 12-month upside potential of about 14%. This implies near-term total returns of about 17% that's attractive for a low-risk stock investment.

### Algonquin stock

**Algonquin Power & Utilities** ([TSX:AQN](#))([NYSE:AQN](#)) is a smaller utility that's also worthy of buying and holding. It is powered by two business segments.

First, Algonquin provides rate-regulated natural gas, water, and electricity generation, transmission, and distribution utility services to approximately 807,000 connections in the United States and Canada.

Second, it has a renewable energy portfolio with long-term contracted wind, solar, and hydroelectric generating facilities.

Since 2015, the utility has more than tripled its assets and doubled its revenues to US\$11 billion and US\$1.6 billion, respectively. Currently, Algonquin has a US\$9.2 billion capital investment program from 2020 through 2024.

Like Fortis, Algonquin is also a Canadian Dividend Aristocrat. Specifically, Algonquin stock has increased its dividends for nine consecutive years with a three-year dividend growth rate of 10%.

At \$18.77 per share, Algonquin stock is reasonably priced. It offers a yield of 4.4% and 12-month upside potential of about 10%. This implies near-term total returns of about 14% that's pretty decent.

## The Foolish takeaway

Fortis and Algonquin both provide essential products and services. Therefore, they will remain defensive through the pandemic that will have limited impacts on their revenues and earnings. With the two stocks, long-term investors shouldn't be worried about a potential market crash.

The [utility stocks](#) have recovered much of their losses from the March market crash and are reasonably priced. Given Algonquin's smaller size and growth potential, it should be able to deliver higher dividend growth than Fortis over the next five years.

That said, Fortis appears to be a slightly better buy for total returns over the near term, but Algonquin offers about 20% more in income. Therefore, interested investors might choose to buy Fortis over Algonquin now or wait for a dip in Algonquin.

### CATEGORY

1. Coronavirus
2. Dividend Stocks
3. Investing
4. Stocks for Beginners

### TICKERS GLOBAL

1. NYSE:AQN (Algonquin Power & Utilities Corp.)
2. NYSE:FTS (Fortis Inc.)
3. TSX:AQN (Algonquin Power & Utilities Corp.)
4. TSX:FTS (Fortis Inc.)

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