



Worried About the U.S. Election? Consider This Top Stock Today

Description

The U.S. election is just around the corner and investors are trying to decide how to position their portfolios.

Mail-in voting concerns

Mail-in voting is expected to reach a record high in the 2020 U.S. election due to the pandemic, prompting concern that the results could be challenged in the event the race turns out to be very close.

What's the risk?

President Trump has repeatedly said he doesn't agree with [mail-in voting](#). In the first debate he said a "solicited ballot" is "OK" but an "unsolicited ballot" is not. President Trump also claimed, "it's a rigged election." In a September press conference the president wouldn't commit to a peaceful transfer of power if he loses the election, once again citing mail-in voting concerns.

To get a sense of potential market reaction to a contested U.S. election result we can look back at the recount process that occurred after the Bush / Gore campaign. The delay in the official result sent a shock wave of uncertainty through the stock market that resulted in a meaningful correction.

In 2020, pundits fear the result could be held up in court challenges for weeks or even months. In this scenario, the stock market could [fall](#) significantly. Remember, the market hates uncertainty.

Best stocks to buy ahead of the U.S. election?

What should you buy if you have cash to invest now, but don't want to get hammered in the event of a delayed U.S. election result?

[Dividend stocks](#) that offer reliable payouts and tend to hold up well when the broader market hits some turbulence would be attractive.

Let's take a look **Fortis** ([TSX:FTS](#))([NYSE:FTS](#)) to see why it deserves to be on your radar.

Fortis owns more than \$50 billion in utility assets in Canada, the United States, and the Caribbean. The businesses include power generation, electricity transmission, and natural gas distribution utilities.

Most of the revenue comes from regulated assets, meaning the cash flow should be both reliable and predictable. Fortis grows its revenue stream through acquisitions and internal developments. The current capital program includes close to \$19 billion in projects.

Over the next few years Fortis expects the rate base to increase significantly. The result should be steady cash flow growth. With this on the radar, the board intends to raise the dividend by an average annual rate of 6% through 2024.

The stock trades near \$54 per share today, right where it started the year.

Fortis offers a 3.75% dividend yield, so you get paid well to ride out any potential U.S. election turbulence. A sharp plunge in the share price due to panic selling, as we saw in March, should be viewed as an opportunity to add to the position. The dip would likely be short-lived.

Long-term investors have done well with Fortis. A \$10,000 investment in the stock 25 years ago would be worth \$200,000 today with the dividends reinvested.

The bottom line

Everyone hopes the U.S. election will go smoothly. However, it makes sense to position your portfolio to ride out a potential market correction in the event things don't work out that way.

Fortis is a good defensive pick if you want to be cautious with your new investments today.

CATEGORY

1. Investing

TICKERS GLOBAL

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

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Quote Media

6. Sharewise
7. Yahoo CA

Category

1. Investing

Date

2025/07/28

Date Created

2020/10/20

Author

aswalker

default watermark

default watermark