Worried About a Market Crash? This 1 Stock Did Great in 2008

Description

Another market crash is nearing. We can see one before 2020 ends, or it might greet us into the next year. In any case, the gap between the stock market valuation and the underlying economy is stretching, and the balance might tip soon. The next market crash might not be as sharp as the one before it, but it might also come with a protracted recovery, so investors who buy stocks for a rapid recovery might be disappointed.

There are ways to prepare for a market crash. One way is to buy stocks that have done well in the previous market crashes, especially during the last recession. While many sectors, industries, and companies have done amazingly well in the past, one stock that you may want to consider is **Fortis** (TSX:FTS)(NYSE:FTS).

A classically safe choice

Fortis is undoubtedly a classically safe choice. There are a lot of factors that come into play. It's one of the oldest aristocrats currently trading on the **TSX**. The company has been increasing its dividends for 46 consecutive years, making it a Dividend Aristocrat across the border as well. It's also a utility stock, which means its cash flows (and consequently the dividends) are significantly more dependable.

Another thing that makes Fortis a great stock to add to your portfolio if you are revamping it for a market crash is its historical performance. The company survived the great recession of 2008 without sinking too much in valuation. From December 2007 to June 2009, the worst dip that Fortis stock took was somewhere around 20% and recovered its December 2007 valuation by June 2009.

In the most recent crash in 2020, the stock is still 7% down from its pre-pandemic high, but it has already reached its start-of-the-year price.

Good returns

The best part about Fortis is that it's not too overvalued, and it can offer great returns if you are willing to hold it long-term. While many Dividend Aristocrats offer decent growth prospects, it's typically a negligible yield. Aristocrats that offer high yield are lacking in capital growth potential. Fortis offers a decent mix of both. Its 10-year compound annual growth rate (CAGR) (dividend-adjusted) is about 9% right now.

The yield of 3.7% is decent enough. Whether you are planning to create a passive income (that would cost you a lot in the capital) or if you want to re-invest your dividends to maximize your returns when you are retired, Fortis can be a great addition to your portfolio.

Foolish takeaway

Even if you want to add Fortis to your investment portfolio to protect it in case of a market crash, the best time to buy (ironically) would be when the market crash has knocked the company down to its lowest point. You will be able to grab it at a great value and lock in a decent yield. If you wait till the stock is down about 20% or more, you might hit your investment goals with this stock much sooner.

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