Market Crash 2021: Stash Your Cash in This 1 Safe Stock

Description

2020 was one of the most challenging years for humanity, but it ended on a relatively hopeful note. The development of a vaccine gave people hope that 2021 would be the year we might be able to eradicate COVID once and for all. With enough of the population properly vaccinated, COVID will most likely become a thing of the past, like measles and tetanus.

While it's a hopeful outlook for 2021, there is one piece of bad news that has been carried forward from the previous year: another market crash. Up until the last day of 2020, many people were expected the stock market to crash. Thankfully, 2020 passed without hosting two market crashes in one year, but the fear of a market crash is still here.

Once the impact of government stimulus fades and the support temporary financial crutches is taken away, the market might crash again before limping to a protracted recovery. If you have a pragmatic outlook of 2021 and believe that a market crash is coming, you might want to stash your cash in one trusted and safe stock: **Fortis** (TSX:FTS)(NYSE:FTS).

The company

Fortis is one of the most massive utility companies in the country, with a fair share of its consumer-base in the U.S. and the Caribbean. It has assets of over $56 billion and serves over 3.3 million consumers, providing them with gas and electricity. Its roots can be traced back to 1885, when its parent company, St. John electric, was formed. As the second-oldest aristocrat in the country and a utility company, it's a relatively safe investment.

The utility operation is divided into 10 sections. The bulk of its utility business comes under the umbrella of FortisBC, which serves over 1.2 million gas and electricity consumers. Fortis's strength also lies in its self-reliance. It owns power-generation facilities as well as has its own transmission network. FortisBC alone controls power lines over 7,300 km and gas pipelines over 49,500 km.

The stock

Fortis's history is glamorous enough to attract investor attention. But if you take a closer look at the company's financials and the stock, you might find more reasons to add this company to your portfolio. The balance sheet is powerfully strong, and assets are over 1.5 times the liabilities.

In the last 10 years, the company has consistently grown its year-over-year revenue and only dropped the ball on gross profit once (in 2018). The 3.84% yield is decent enough and is coupled with a modest growth rate (34.6% in the last five years). But one of the best reasons to consider Fortis is that despite its stability and consistency, the stock also offers some capital growth potential. Its 10-year CAGR (dividend adjusted) is 8%.

Foolish takeaway

It needs to be reiterated that past performance is no guarantee of future success, but it *is* the strongest indicator we have that the company will be able to perform. Also, utility businesses tend to fare much better in market crashes, recessions, and other economic upheavals because of their revenue generation source. So, if you want to prepare for a market crash, Fortis can be a trustworthy friend of your portfolio.

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adamothman