



1 Top TSX Stock to Buy Right Now for Defensiveness

Description

The recent surge in bond yields continues to provide headwinds for income investors. Indeed, higher bond yields reduce the luster of dividend stocks with higher yields, generally-speaking.

However, research also shows that companies that grow their dividends each year are less susceptible to downside from this catalyst.

In that light, it's clear that income investors should consider **Fortis Inc.** ([TSX:FTS](#))([NYSE:FTS](#)) today. After all, this company has an incredible track record of raising dividends and providing long-term capital appreciation.

Here's more on why I think Fortis is one of the [best defensive picks](#) for long-term investors today.

An impeccable track record

This Dividend Aristocrat has been the “go to” staple for investors who wish to develop an income portfolio. Undoubtedly, it has among the best records of dividend growth on the **TSX**.

Fortis' annual dividend increases have been about as consistent and predictable as they come. Over nearly five decades, through all sorts of economic turmoil and crises, the company has maintained its dividend increase schedule. Most companies have trouble doing this over a five-year cycle, never mind a five-decade period.

Indeed, over the past five years, Fortis shareholders have seen much of the same. Fortis has increased its dividend, on average, by more than 6% annually over the past five years. Indeed, this particular aspect of Fortis has made it a popular play for retirement planning as well.

Fortis' recent financials speak to the company's ability to raise its dividend consistently. In a [pandemic](#) year, the company produced higher earnings, and once again, gave more back to shareholders in the form of higher dividends. Not bad at all for long-term investors looking for a retirement holding.

Here's more on the company's business model underpinning its dividend growth strategy.

The wind beneath Fortis' wings

In my opinion, the business model of this company is one of the most defensive of any companies on the TSX.

Fortis is a key provider of natural gas and utilities services in Canada and North America. As such, until Canadians stop heating their homes or turning on the lights, Fortis will generate pretty impressive, stable cash flows.

The predictability of these regulated cash flows is what provides the core roadmap for such consistent dividend increases. Fortis has a range of regulated contracts stipulating how much prices are allowed to rise over time. While these contracts cap the upside Fortis could otherwise see in terms of pricing power, these also provide a unique amount of defensiveness for investors concerned about volatility in the markets.

Rest assured, investors whose prime objective is capital preservation at the moment won't find a better safe haven than Fortis right now. I think the defensiveness this stock provides is undervalued today. Accordingly, for those concerned about volatility, this is one heck of a stock to consider today.

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1. Dividend Stocks
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3. Investing

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Date

2025/08/23

Date Created

2021/04/20

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