



Unsure of the Stock Market? Here's 1 Great Deal of Comfort for Life

Description

Unpredictable best describes the stock market's behaviour. Some people find this characteristic risky, so they'd rather stay away or limit their exposure to safer assets like bonds. This typical perception likens the market to a casino where everything is a gamble.

For serious investors, not speculators, the stock market presents an opportunity to build wealth. The risks are ever present, but a [prudent long-term strategy](#) mitigates them. Also, the probability of positive or higher returns over the long term is nearly 100%. A successful investor will not time the market but pick an asset that can overcome uncertainty or volatility.

The features of **Fortis** ([TSX:FTS](#))([NYSE:FTS](#)) are perhaps the closest to bonds. You don't need to wait for an "all clear" sign to initiate a position because the utility stock offers [a great deal of comfort](#). If the market sours, you won't shake, rattle and roll. The business will endure regardless of the environment. There's capital protection and uninterrupted income streams from dividends.

Best-laid capital-investment plan

In 2019, Fortis announced its five-year capital investment plan (2020 to 2024) worth \$19.6 billion for 2020 to 2024. The goal is to strengthen regulated electric and gas operations and realize a rate base of \$40.3 billion by 2025. For 2021, Fortis has a \$3 billion capital plan where \$0.9 billion was spent during the first quarter.

The grander plan is to achieve the corporate-wide target of a 75% carbon emissions reduction by 2035. Fortis is transitioning to a cleaner energy future. Management envisions 99% of the assets to be dedicated to energy delivery and carbon-free generation.

Resilient as ever

Fortis emerged from the COVID year stronger, as evidenced by the impressive Q1 2021 (quarter ended March 31, 2021) earnings results. The \$360 million adjusted net earnings for the quarter were

14% higher than in Q1 2020.

David Hutchens, president and CEO of Fortis, said, "During the first quarter, we delivered strong operational and financial results as we continue to advance our low-risk organic growth strategy." Upon entering 2021, the company had a strong liquidity and investment credit rating already.

Fortis's total liquidity on year-end 2020, counting cash, was \$4.9 billion. The company has enough in the war chest to meet its fixed-term debt obligations. From 2020 to 2024, the yearly average fixed-term debt obligations amount to \$1.1 billion.

Growth catalysts

Several growth catalysts are on the horizon. Fortis plans to extend and expand its electric transmission grid in the United States. It should facilitate the interconnection of cleaner energy, including infrastructure investments linked with the proposed American Jobs Plan. Another planned investment is for the liquefied natural gas infrastructure in British Columbia. Across other jurisdictions, Fortis would and accelerate cleaner energy infrastructure investments.

Dividend-growth guidance

Would-be investors must know that Fortis is both a Dividend Aristocrat and dividend achiever besides the low-risk business model. The utility stock has increased its dividends for the last 47 consecutive calendar years. Now, management targets an annual dividend growth of approximately 6% through 2025.

Fortis expects long-term growth in rate base will support earnings and dividend growth. As of May 7, 2021, the share price is \$54.97, while the dividend yield is 3.67%. If you want dependable investment income for life minus market doubts, pick up the TSX's defensive all-star.

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