A Canadian Dividend Aristocrat to Watch As Stock Market Volatility Picks Up

Description

The **S&P 500 Composite Index** looks to be out of the woods, with the September-October pullback going no further than around 5%. Still, investors shouldn't be in a rush to chase the fastest-flying stocks into year's end. Things could still get turbulent, as the many risks that were on the minds of investors have not disappeared. While market indices are likely to experience a steady upward move, investors can expect more in the way of rolling corrections, as we move further into earnings season.

Thus far, earnings have been quite mixed. Many firms delivered robust earnings, while others have flopped drastically. While earnings growth is slowing down, with elevated levels of inflation, one must not use the "s" word: stagflation. It's far too soon to deem we're in the early innings of the 1970s. Undoubtedly, higher commodity prices (think oil) and retreating earnings growth will have many hitting the alarm bell as central banks begin to taper their quantitative easing) programs.

Market volatility could be ahead

Undoubtedly, the road ahead could continue to be a rocky one. As such, the case for buying cheap defensive dividend stocks is still strong, especially for growth-savvy investors who've neglected their stable foundations.

Consider **Fortis (**TSX:FTS)(NYSE:FTS), one Dividend Aristocrats that will have your back when the market tides get a bit rougher from here. Both names are unloved and have trailed the broader indices in terms of performance over the past year.

Still, you shouldn't count them out, especially if you're not insulated from a potential sector-focused rolling correction that could repeat the ones we faced through 2021. And, of course, the much-anticipated correction could happen at any moment, likely on a negative surprise. While it's good to be bullish on the economy heading into the new year, it's also wise to acknowledge that markets don't always go up and that negative shockers can still occur. With Fortis and ATCO at the core of your portfolio, you're likelier to sleep easier come the next market pullback, whether it strikes next year or in a few years from now.

Fortis: A top Dividend Aristocrat investors should look to pick up on weakness

Fortis is a fantastic dividend-growth stock that's gone virtually nowhere over this past year. Shares of the regulated utility trade at 20.9 times trailing earnings alongside a bountiful 3.89% dividend yield. Off around 7% from 52-week highs, Canadian investors seeking defensive exposure would be wise to buy the dip, especially if they're hoarding too much cash, leaving themselves vulnerable to inflation.

Sure, Fortis stock isn't at all exciting. But you'd be glad you owned it once the tides turn against the biggest winners of 2021. Moreover, in a market that's sure to be filled with surprises, both positive and negative, Fortis's predictable nature ought to be worth a hefty premium.

For investors looking to get inflation protection without having to take on excessive amounts of risk, the low-beta blue chip is well worth buying now and on any further dips as the speculative appetite for riskier securities continues into year-end.

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Date
2025/07/26
Date Created
2021/10/28
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