1 of the Best Canadian Stocks to Help You Stay Rich

Description

Canadian stocks have been quite rocky entering February, with a mixed slate of earnings. Indeed, the volatility from January could carry over, even if it has been a positive start thus far. In any case, I don't think investors should reach for the hardest-hit stocks because, as we learned on Wednesday's vicious session (and after hours), 20-25% plunges are a thing, even for some of the bluest blue chips out there.

As the speculative tech trade divorces from the broader Nasdaq 100, I'd focus on names that can help you stay rich rather than looking to play a bounce over the near term. Undoubtedly, the crash in **PayPal**, **Netflix** and **Meta Platforms** serves as a warning for investors to put in the homework and stay diversified, rather than blindly throwing money at dips with the hopes of catching the bottom.

Volatility spreads to big-cap stocks

With such mega-cap tech stocks taking a brunt, the importance of valuation has been reinforced. And dip-buyers who don't put in the homework could be at risk of steep losses, as weak-handed investors hit the panic button. If you own shares of PayPal, Netflix or Meta, which are among the biggest mega-cap bleeders in recent weeks, don't let emotions take control. But do analyze each quarter carefully and ask yourself if you think things are a tad overblown, or if the narrative has changed for good. If you don't know the answer, don't be afraid to take profits if you're still up, while using the proceeds to diversify into names that aren't in the crosshairs of the selloff.

Valuation matters. And if you insist on a wide margin of safety, I believe you can build wealth, but, most importantly, stay rich, as volatility kicks it up a notch. Indeed, the magnitude of volatility facing some of mega-cap tech stocks is unprecedented. Some names are trading like penny stocks these days!

In this piece, we'll have a closer look at two names that I believe reek of value in a time where value could become "sexy" again through the eyes of investors.

Fortis

Enter **Fortis** (TSX:FTS)(NYSE:FTS). Fortis is a retiree-friendly stock that's essentially the polar opposite of the plunging tech stocks these days. Its earnings? They're pretty uneventful, with little in the way of shockers. Indeed, Meta's plunge was absolutely jaw-dropping for analysts and investors. Many owned the name, either directly or through an index fund. For those whose stomachs are churning right now, there's zero shame in taking a step back with a low- to no-beta stock like Fortis. Operating cash flows will continue flowing in, as equities fluctuate wildly.

While higher rates aren't good news for the utility kingpin, I'd argue that they're not nearly as bad as they are for firms that don't expect to make a profit sometime soon. Fortis's higher costs on borrowing for future projects will eat modestly into profits, but not so much as to trigger a horrific collapse in the stock. If anything, market volatility and increased demand for safe stocks could offset pressure brought forth by rising interest rates.

With a magnificent dividend, FTS stock is what I'd buy amid the recent hailstorm in the tech sector.

Bottom line

Fortis isn't a name Redditors would discuss. It's incredibly dull, and the stock isn't known to bounce or fold quickly. The name can help you dampen the blow of volatility and inflation, though. And, at current multiples, I'd argue Fortis is a great pick-up if you're ready to batten down the hatches for a continuation of a turbulent 2022.

Fortis isn't going to make you rich. But it can help you stay rich and stay in the game, which is what I believe ought to be a top goal of market newcomers these days.

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