



Have \$1,000? 1 All-Weather Dividend Stock to Buy and Hold Forever

Description

All-weather dividend stocks are great to [hold for the long haul](#). If you're in the markets for the long haul (most Fools should be investing for the next 10 years and beyond), you must be prepared for the weather to change when you least expect it. The great, sunny weather is enjoyable, but such times do not last forever. After the sunshine can come days of showers and overcast. Every once in a while, there's a horrific hailstorm, and if you're not prepared for such, you could take a harder hit to the chin than was necessary.

As an investor, you need to be ready for the weather to change at all times. Not only do you need to expect hailstorms, but you should know that sunny days can return, even when it seems like the darkest, gloomiest days will last forever.

Bad or good bouts of market weather don't last forever!

By preparing your portfolio in a way that stands to benefit under all market conditions (up, down, and tanking markets), you'll condition yourself to be a contrarian and will likely come out on top over the long haul. Remember, the fiercest market rallies follow the most horrid of plunges. Just look at the June-August rally. It happened very quickly, and if you positioned too defensively after the first-half selloff, you likely felt inclined to chase once the market weather improved in what seemed like an instant.

With storm clouds approaching after several weeks of great sunny weather, investors should take a bit of profit off the highest flyers and look to add to the all-weather dividend stocks to ride down what could be another doozy going into September.

At this juncture, **Fortis** ([TSX:FTS](#))([NYSE:FTS](#)) is a wonderful business that can do well under even the worst market "weather." With a recession looming, such dividend payers are more than worth topping up at this market crossroads.

Fortis: A great buy with an extra \$1,000

Fortis is the ultimate defensive dividend stock. It's neither eventful nor volatile but tends to creep higher over the long haul, even under the most unprecedented market conditions. Fortis's managers see rate base growth of 6% through 2026, thanks partly to regulated projects. It's this degree of regulation that essentially guarantees 6% in dividend growth moving forward.

With a \$20 billion capital-investment plan to look forward to, Fortis is one of the utility stocks that could weatherproof your portfolio for those stormy days. I've referred to Fortis as the epitome of stability. At 22.2 times trailing price-to-earnings (P/E), you'll pay up for that stability. Given the utility industry average P/E is closer to 30 times, I'd argue Fortis is a bargain relative to other utility stocks, bond proxies, and even bonds.

With a 3.64% yield, Fortis's dividend is almost as high as a coupon on a shorter-duration corporate bond. Given the rate risk associated with bonds, I'd argue Fortis is, by far, the [cheaper](#) (and safer) option.

The bottom line

Fortis may not be a headline-worthy company. However, its modest multiple and leading efficiencies (7% return on equity versus the 6% industry average) are more than enough reason to get into the name with an extra \$1,000 if you're not ready for weather changes going into the fourth quarter.

CATEGORY

1. Dividend Stocks
2. Investing

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