



Passive Income: 1 Unstoppable Canadian Dividend Stock to Own Forever

Description

The uncertainties in the stock market do not seem like they are going anywhere this year. People new to investing might be worried about finding [stocks for beginners](#) that are not too risky in this market. In times like these, many investors tend to take their money out of the markets and wait on the sidelines for better opportunities when things settle down.

Alternatively, you can find safe havens in high-quality [dividend stocks](#), allowing you to protect your investment capital without letting your money leave the market. Dividend stocks are not impervious to volatile markets.

Macroeconomic factors might impact the short-term price performance of dividend stocks. However, these uncertainties are unlikely to impact the long-term growth and total returns of the top dividend stocks.

Additionally, you can expect such stocks to continue lining your account balance with reliable dividend income, irrespective of economic cycles and market conditions. Today, I will discuss one of the best Canadian Dividend Aristocrats you can buy and hold forever.

Fortis

Fortis ([TSX:FTS](#)) is a Canadian utilities holding company that owns and operates a diversified portfolio of electricity and natural gas utility businesses. Fortis operates in Canada, the U.S., Central America, and the Caribbean. Serving roughly 3.4 million customers, this \$24.32 billion market capitalization company is one of the best Canadian dividend stocks to own in any market condition.

What makes Fortis the best Canadian dividend stock to own?

Fortis stock is a Canadian Dividend Aristocrat, a publicly traded company with a track record of growing its shareholder dividends for several consecutive years. Fortis is one of the top Dividend Aristocrats, boasting a 49-year dividend-growth streak. Fortis is one of the biggest utility businesses in

Canada.

The company generates most of its income through long-term contracted assets in a highly rate-regulated market. It means Fortis earns a predictable income, allowing its management to comfortably fund its capital investment projects to grow its rate base and continue introducing dividend hikes.

As of this writing, Fortis stock trades for \$50.80 per share. It is down by 15.40% year to date. Fortis has been falling this year, primarily because it has traded at a premium valuation for a long time. The steep correction in its price performance is justified, all things considered. Higher energy commodity prices have slashed its profit margins over the last few quarters.

Besides higher operational expenses impacting its margins, the macro environment might also be weighing on Fortis stock. Utility stocks and interest rates tend to move in opposite directions. The Bank of Canada has already introduced several interest rate hikes to control inflation, making stocks like Fortis trend lower.

This happens mainly because utility stocks serve as bond proxies. Bonds offer more attractive returns when interest rates are higher, encouraging risk-averse investors to flock to the bond market. However, Fortis stock's falling share prices make it a more attractive investment to consider for income-seeking investors.

Foolish takeaway

Utility businesses are considered bond proxies due to their regularly growing and safe dividends. Fortis is a favourite among defensive stocks for Canadian investors due to its ability to deliver growing shareholder dividends each quarter. The lower valuation has effectively inflated its dividend yield to around 6%. It has a favourable 19.30 trailing price-to-earnings ratio, which is in line with its industry peers.

For long-term investors, short-term performance should not matter as much as earnings and dividend stability. Fortis stock offers both, alongside a juicy dividend yield that can keep growing your account balance for decades.

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