



This Dividend Stock Is a No-Brainer for Bear Market Growth

Description

This stock market isn't seeing much in the way of bullish sentiment right now. In fact, this bear market has been vicious, taking most stocks lower this year following a couple years of excellent outperformance. This decline has been rather ubiquitous, making the search for a growth stock or dividend stock equally perilous.

That said, I still think [dividend stocks](#) in this environment are likely better bets. Distributions to investors generally require stable and steady earnings over time. Accordingly, with investors shifting to safer, more defensive options, companies like **Fortis** ([TSX:FTS](#)) could continue to outperform.

Here's why I think utilities player Fortis is the way investors should look for exposure in this bear market.

A dividend stock that's raising its dividend

As per an update provided by Fortis in late September, the company announced it was once again raising its dividend. This 6% increase brings the company's current quarterly dividend to \$0.565 per common share. Accordingly, this equates to a [yield of approximately 4.4%](#) at the company's current stock price.

Indeed, it's not Fortis's dividend yield that is particularly enticing (though 4.4% is nothing to sneeze at). Rather, it's the company's now 49th-consecutive dividend hike that should have investors talking. For nearly five decades, Fortis has done nothing but raise its distribution each and every year.

Thus, in the world of bond proxies, Fortis stock represents a bond with an appreciating coupon over time. This is a much better bet for long-term investors seeking passive income over time. With near certainty, investors can expect this company's distribution to continue growing at around 6% a year indefinitely. That is, unless its customers turn off their heat and lights.

Fortis announces its board succession plan

In addition to this dividend hike announcement, Fortis's board of directors made another announcement around its succession plans. Douglas J. Haughey, currently the chair of the board, will be stepping down from his position. He will be succeeded by Jo Mark Zurel, who is supposed to take office at the beginning of next year.

Mr. Zurel has been a part of Fortis's board since 2016 and also served as the chair of this company's Human Resources Committee from 2018 to 2022. Moreover, he has also been a part of Newfoundland Power Inc.'s board of directors and served as its chairman from 2012 to 2016.

Fortis to redeem senior unsecured notes at 2.85%

One other announcement I like that Fortis recently brought to the market is the company's plans to retire debt. Accordingly, in addition to hiking its dividend, Fortis is improving its balance sheet. Few companies in the utilities space can say the same thing.

Fortis will be redeeming \$500 million in aggregate senior unsecured notes, which previously yielded 2.85%. While this is rather inexpensive debt, and some may think the smart move would be to simply keep this debt on the books, Fortis appears keen on making its balance sheet rock solid. That's something conservative long-term investors should like.

Bottom line

Fortis is perhaps one of the only screaming buys in the market right now. This is a stock that trades at a premium multiple to its peers. However, this multiple is more than deserved. With dividend growth supported by a solid balance sheet and a management team that knows their stuff, this is a top-tier, long-term holding investors should consider in this bear market.

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