



Why Fortis is a Buy, Even When the Market Dips

Description

If there was a single word to define how 2022 has been to the market, it would be [volatility](#). And with all that volatility and uncertainty, there's a growing need for some stability. That's part of the reason why one stock to consider right now is **Fortis** ([TSX:FTS](#)), even when the market dips.

When the market dips, turn to Fortis

For those that are unaware, Fortis is one of the largest utilities in North America. Fortis boasts ten operating regions located across Canada, the U.S., and the Caribbean.

The utility business model that Fortis adheres to is incredibly lucrative. In short, the utility provides a service. That service is stipulated in long-term regulatory contracts that guarantee a reliable revenue stream. Finally, that revenue stream provides a stable source of dividends for investors.

In other words, it's a defensive, passive, and very lucrative business to consider.

In the most recent quarter, Fortis reported earnings of \$326 million, or \$0.68 per common share. This represents an uptick over the \$295 million, or \$0.63 per share reported in the same period last year.

The stability offered by utilities often means that these companies are stereotyped as boring investments that lack the incentive or means to grow. Fortunately, Fortis handily breaks that stereotype and has taken an aggressive growth stance.

Specifically, Fortis has earmarked a whopping \$22.3 billion capital improvement fund to upgrade existing facilities and transition to cleaner [renewable](#) sources.

The defensive nature and sheer necessity of the service that Fortis provides make it a unique investment for any portfolio. What makes Fortis a superb option when the market dips, as it has in 2022, is the discounted price of the stock and its growing yield.

As of the time of this writing, Fortis is down over 12% year-to-date. Now is the perfect time to buy this

stock.

What about that income?

The steady and recurring revenue stream that Fortis earns allows it to provide a very handsome [dividend](#) to investors. The current quarterly dividend boasts a yield of 4.30%, making it one of the better-paying options to consider when the market dips.

In terms of earning potential, an investment of \$40,000 in Fortis will earn a juicy first-year income of \$1,730. As a reminder, investors that aren't ready to draw on that income can reinvest it until needed, potentially adding some long-term growth into the mix.

Speaking of growth, Fortis has an established precedent of providing generous annual upticks to that dividend. Specifically, Fortis has provided an annual uptick for 49 consecutive years without fail. This factor alone makes the stock an excellent long-term option.

Fortis is also forecasting that practice to continue, fueled by the myriad of growth initiatives the company has announced. The annual growth of that dividend is expected to be up to 6% annually through 2027.

Will you buy Fortis?

No investment is without risk, and that includes the very defensive-oriented Fortis.

Fortunately, Fortis' stable business model, numerous growth initiatives, and generous dividend make it an excellent option for any well-diversified portfolio.

CATEGORY

1. Dividend Stocks
2. Investing
3. Stocks for Beginners

TICKERS GLOBAL

1. TSX:FTS (Fortis Inc.)

PARTNER-FEEDS

1. Business Insider
2. Flipboard
3. Koyfin
4. Msn
5. Newscred
6. Quote Media
7. Sharewise
8. Smart News
9. Yahoo CA

PP NOTIFY USER

1. agraff
2. dafxentiou

Category

1. Dividend Stocks
2. Investing
3. Stocks for Beginners

Date

2025/07/19

Date Created

2022/11/10

Author

dafxentiou

default watermark

default watermark