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

Description

Savvy investors know that while bear markets may impact the value of your portfolio temporarily, they also offer some of the best opportunities for investors to buy stocks while they're undervalued.

However, many of the gains you'll see from buying undervalued stocks may not come till years later.

Of course, if you're investing for the long run, then that's not a problem. However, you'll also want to diversify your investments and own assets that can help generate gains, even through periods of a slowing economy and uncertain market conditions, especially in case they persist longer than initially expected.

So, if you're looking for a high-quality and highly reliable stock that can continue to offer growth potential and an attractive dividend yield through this bear market, **Fortis** (TSX:FTS) is one of the best dividend stocks to buy now.

Fortis has highly defensive operations, making it ideal for bear markets

Fortis is a massive utility company with over $60 billion in assets. It mainly offers electricity and gas utility services, with over three million customers across North America.

Furthermore, the company operates in 10 different jurisdictions. So, on top of the fact that the services it offers are essential and, therefore, defensive, its assets are also well diversified across the continent.

With its diversification and essential services, Fortis is one of the lowest-risk dividend stocks you can buy. That even extends to its growth potential.

Fortis won't offer explosive growth like companies in the tech sector, for example, but because it's a lower-risk stock, investors don't have to worry nearly as much about whether Fortis can achieve its goals.

Currently, Fortis is in the midst of a five-year growth period where it will invest more than $22 billion and expects its rate base will increase at a compound annual growth rate (CAGR) of 6%.

Therefore, in addition to owning a stock that can weather the storm and continue to operate well in this market environment, you can also expect your investment to grow steadily over the coming years.

Fortis is the second-oldest Dividend Aristocrat stock in Canada

Because Fortis has such a defensive business and because its forward revenues and income are so predictable, the stock consistently increases its dividend each year. In fact, Fortis is currently the second-oldest Dividend Aristocrat, with a dividend-growth streak that's lasted an incredible 49 years.

And going forward, as it expects its rate base to grow at a CAGR of 6% over the next five years, it also expects to increase its dividend by 4-6% each year.

So, not only can Fortis be a steady investment for this environment, but it also has the potential to earn both capital gains for investors and continue to return increasing dividends each year.

That's why it should be no surprise that over the last two decades, investors who have held Fortis have earned a CAGR of 11.4%, considerably outpacing the TSX, which earned investors a CAGR of 5.7% over that stretch.

And while Fortis may not offer investors the biggest bargain on the market, buying it now after interest rates have increased substantially all year, allows you to lock in a cheaper price and a compelling dividend yield that has increased to roughly 4.25%.

So, if you're looking to diversify your investments and buy a high-quality dividend stock that's ideal for a bear market, Fortis is one of the best stocks you can buy now.

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