



Fortis Inc vs. Westport Innovations Inc.: Why Boring Is Better

Description

It's fairly common sense to do what you enjoy most. If you find something exciting or interesting, it's more worthwhile than something you find boring.

When it comes to investing, though, it's a very different story. The most exciting companies, the ones that make people enjoy buying stocks, can be very poor bets. Meanwhile, the most boring names are often the ones to look for.

On that note, below I take a look at the two opposite extremes — one of these names is very exciting, the other very boring.

An exciting stock to avoid: Westport Innovations Inc.

Westport Innovations Inc. (TSX: WPT)([NASDAQ: WPRT](#)) is devoted to natural gas-powered engines, a very exciting technology. With such cheap gas available in North America, many industries — such as trucking and public transportation — are switching to natural gas, and as a result Westport's growth prospects are very promising.

However, a closer look reveals that the company is very expensive. Despite having less than \$200 million in revenue, the market capitalization is a hefty \$1 billion. Even for a very profitable company, that is a high price to pay.

Making matters worse, Westport is still not profitable. The company has made a lot of strides towards making money, but that has come from cutting spending on things like research and development. This is not what you want to see from a high-growth company. Worse still, top-line growth has been slowing.

Many investors like to set aside a small portion of their portfolio for riskier stocks. This is not a bad thing to do, as long as there's a small amount of money involved. Westport sure qualifies as one of these riskier bets. Thus, if you really want to be a part of Westport's future, make sure to keep your stake nice and small.

A boring stock to buy: Fortis Inc.

On the other end of the spectrum is Canada's largest investor-owned distribution utility: **Fortis Inc** ([TSX: FTS](#)). Electricity is a product with very consistent demand, and growth prospects are limited. This shows up in the company's numbers, which are very consistent. From 2011 to 2013, earnings per share went from \$1.74 to \$1.65 to \$1.73.

In fact, Fortis has been a very steady performer for a long time. Over the past four decades, the company has raised its dividend every single year. So it doesn't matter if there's a recession, a commodity price surge, or a financial crisis; Fortis just keeps churning consistent earnings and raising its dividend, which is exactly what investors should be looking for.

Better yet, Fortis has a dividend yield close to 4%, not bad for a company with this track record. An investment in this stock comes with some nice income as well as some peace of mind.

This is what investors really should be looking for, even if it's a little boring.

CATEGORY

1. Investing

TICKERS GLOBAL

1. NASDAQ:WPRT (Westport Fuel Systems Inc.)
2. TSX:FTS (Fortis Inc.)

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