



A Dividend Stock You Can Hold Forever: Fortis Inc

Description

This stock lets you buy a stake in dozens of infrastructure monopolies around the world.

The company owns electric utilities in the Caribbean, natural gas pipelines in the United States, and extensive real estate holdings throughout Canada. I can think of only one, maybe two, other companies anywhere else in the world with a portfolio of assets quite like this.

And thanks in part to the monopoly status it holds on these assets, this company has managed to increase its dividend 42 years in a row — the longest streak of any publicly traded company in Canada. This is one of the few stocks you could literally buy and hold forever.

Let me explain.

As I have written about before, I'm a big fan of a group of companies I like to call my "Forever Stocks". Put simply, this is a set of stocks so reliable that you can buy today and hold for the rest of your life. Because of their durable competitive advantages, these elite companies have been able to beat the market for generations.

However, it's not just the companies themselves that have stood the test of time. The products created by these firms have remained virtually unchanged for decades. While technology companies have to invent the next gee-whiz gadget every few years, these stocks continue to manufacture the same easy-to-understand products that you probably use every day.

As you might expect, such companies are hard to find. That's why I wanted to share one such example today. This company is Canada's largest investor-owned utility and one of the top dividend stocks in the country: **Fortis Inc** ([TSX: FTS](#)).

Its status as a "Forever Stock" comes down to a few points.

First, utilities like Fortis are the Toyota Camrys of the investment world. They're rather mundane vehicles but they can always be counted on to get you safely from Point A to Point B.

It's the same with utilities. Investors always want to focus on the next hot venture mining company. However, consumers will always pay to heat their homes and keep the lights on. That means utilities can always be counted on to generate steady cash flow.

Second, utilities are literally the textbook definition of a natural monopoly. Because it can cost tens of billions of dollars to start a new business, it doesn't make economic sense to have two or three utilities serving the same market. Without new competition to drive down margins, companies like Fortis are almost guaranteed to earn a respectable return on capital.

Finally, who doesn't love dividends? Thanks to the inherent strength of its business, Fortis has increased its distribution for 42 consecutive years. Because the company returns most of its profits back to shareholders, its shares have historically yielded between 4% to 6%.

Of course, there are no sure things in investing. However, Fortis is a durable business that will likely reward shareholders for decades to come. That's why it deserves a permanent place in any income portfolio.

CATEGORY

1. Investing

TICKERS GLOBAL

1. TSX:FTS (Fortis Inc.)

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