



Fortis Inc.: The Income-Investing Chart You Gotta See

Description

Picture this...

What if your portfolio was a money machine, cranking out cash while you slept, watched TV, or traveled the world? Every month, a steady trickle of dividend cheques arrived in your mailbox? An income stream so large and safe you could use it to retire early, buy a new car, or spoil the ones you love?

It sounds hard to believe. However, thousands of ordinary investors are earning dividend yields of 10%... 25%... even 50%. Of course, you won't earn double-digit payouts overnight. However, given enough time, even a dividend trickle can become a raging river.

To see what I'm talking about, I want to show you a chart. It's not complex or hard to understand. But this simple graphic shows the incredible power of small dividend hikes compounded over time.

[fortisyieldoncost](#) unknown

Source: Company filings.

Fortis Inc. ([TSX: ENB](#))([NYSE: ENB](#)) is a great example of what growth can do to a stock's yield. Over the past two decades, the company has more than doubled the size of its dividend. If you had bought and held the stock over that time, the annual yield on your original investment would be more than 20% today.

What if we were to play out this hypothetical investment out another 10 years. Assuming the utility can continue to grow its dividend at a 3% annual clip, your yield on cost would increase to 35% by 2024.

Fortis demonstrates the benefits of buying and holding wonderful businesses over the long haul. However, it's not even the best example I could have shown you. There're dozens of other companies in Canada that have generated similar returns.

Take **Toronto-Dominion Bank** ([TSX: TD](#))([NYSE: TD](#)), for example. Many income investors skip over this stock because of its meager 3.4% yield. However, in the past two decades, the company has

increased its dividend at an 11% annual rate. If you owned TD shares over that time, the yield on your investment would be 30% today.

Canadian pipeline giant **Enbridge Inc.** ([TSX: ENB](#))([NYSE: ENB](#)) is an even better example. Over the past 20 years, the company has increased its distribution at a 12% annual clip. If you held the stock over that entire period, today your yield on cost would be 35%.

None of these stocks has ever sported mind-blowing yields. But though the power of compounding, even a modest dividend can become a monster payout. The only thing you need is a little bit of time.

CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing

TICKERS GLOBAL

1. NYSE:ENB (Enbridge Inc.)
2. NYSE:TD (The Toronto-Dominion Bank)
3. TSX:ENB (Enbridge Inc.)
4. TSX:FTS (Fortis Inc.)
5. TSX:TD (The Toronto-Dominion Bank)

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