



## Yawn All the Way to the Bank With Fortis Inc. and BCE Inc.

### Description

Investing shouldn't be exciting. In fact, it should be as boring as possible.

When we look at the best stocks over the last 10, 20, or even 50 years, a trend emerges. Stocks in sectors like utilities, consumer staples, and financials have done extremely well over long periods of time. Sectors like biotech and technology haven't done as well.

Rather than looking at why such a phenomenon exists, investors would be better off to just accept the inevitable and position their portfolios accordingly. This means loading up on so-called boring stocks, making them the core of a portfolio.

**Fortis Inc.** ([TSX:FTS](#)) and **BCE Inc.** ([TSX:BCE](#))([NYSE:BCE](#)) are two of Canada's best boring stocks. Here's how they can both make you rich.

### Fortis

Not content with becoming Canada's largest utility, Fortis has turned its sights to the United States and its relatively fragmented market.

After it acquired UNS Energy for a total price tag of US\$4.3 billion in 2014, Fortis followed it up by announcing a deal to acquire **ITC Holdings** for US\$11.3 billion, a price tag that includes assumed debt. Shareholders have already approved the deal, which means it's likely to go through.

Analysts are bullish on what this deal means for 2017 earnings, projecting the company will earn \$2.42 per share for its next fiscal year. That puts shares at 17.4 times forward earnings, a reasonable number in today's low interest rate world.

Steady growth isn't the only thing investors like about Fortis. The big factor for many shareholders is the company's dividend—a payout that has been raised annually since 1972. That's 45 consecutive dividend increases, which is the longest such streak for Canadian publicly traded companies. Fortis offers a current yield of 3.6%.

Over the last 15 years, investors in Fortis have done unbelievably well. If dividends were reinvested, \$10,000 invested in Fortis shares back in mid-2001 would be worth nearly \$96,000 today. That translates into an annual return of 16.2% before taxes and any other fees.

Not bad for a stock many investors won't own because utilities are boring.

## **BCE**

Although there's often more competition in the telecom space versus something like an electric company, BCE is essentially a utility. It has carved out a nice market share in a sector that's dominated by just a handful of companies.

It's also extremely difficult for another player to enter its market. The company has spent billions laying down its wired network and billions more on wireless spectrum. These investments make it very difficult for somebody new to show up and start taking customers.

BCE has nice pricing power. At least once a year it pushes through price increases to existing customers, primarily through its internet and television businesses. It does the same on the wireless side whenever contracts expire.

Like Fortis, BCE continues to make acquisitions to expand. In 2014 the company bought the portion of Bell Aliant it didn't already own. It also recently announced a deal to acquire **Manitoba Telecom**, which is waiting for regulatory approval.

And like Fortis, BCE trades at a reasonable valuation and has a history of dividend growth. Shares trade hands at 16.5 times projected 2017 earnings with a dividend yield of 4.6%. The company has also increased dividends at least annually since 2009.

Over the last decade, BCE has been a good stock to own. If an investor would have reinvested their dividends back into more BCE shares, a \$10,000 investment in the telecom giant back in mid-2006 would be worth \$36,568 today—a return of 13.8% annually before taxes.

BCE and Fortis are the kinds of stocks you can own without a care in the world. And as we've demonstrated, boring stocks can deliver some nice returns. For many investors, this combination of risk and reward is about as sweet as it gets. You really can get rich on boring stocks.

## **CATEGORY**

1. Dividend Stocks
2. Investing

## **TICKERS GLOBAL**

1. NYSE:BCE (BCE Inc.)
2. TSX:BCE (BCE Inc.)
3. TSX:FTS (Fortis Inc.)

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**Date**

2025/07/07

**Date Created**

2016/06/21

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