

Grow Your Portfolio Quietly and Securely With Fortis Inc.

Description

There's nothing better than a stock that provides great growth prospects, a handsome dividend and remains largely unknown to many investors.

Fortis Inc. ([TSX:FTS](#)) is one such stock. The company largely flies in under the radar, not attracting the attention and coverage that other, more popular stocks get. It's a shame for those investors that are missing out, because Fortis truly is a great investment.

Here's a quick look at why the company really is *that* good of an investment.

Meet Fortis, quietly.

Fortis is the largest utility in Canada, with over 3 million customers across both Canada and the U.S. The company has steadily grown over the past years, but surprisingly has not attracted the attention of investors, as utilities have been traditionally seen as boring investment options.

One of the reasons that utilities are seen as boring investments is because of the essential service that they provide. Energy is provided, the utility is paid and, for the most part, that payment is at a regulated cost. Organic growth comes along as the population increases and energy consumption increases, which is relatively slow. Efficiencies resulting in savings typically come about from existing facilities coming into end-of-life status and being replaced with newer facilities. Again, slow and boring growth.

Fortis' steady growth over the past years has seen the company balloon from under \$400 million in assets roughly 30 years ago to become one of the top 20 biggest utilities on the continent with nearly \$30 billion in assets.

Fortis grows organically

Fortis has grown over the years primarily through acquisitions, many of which have resulted in the company gaining an increasingly strong foothold in the market. By way of example, earlier this year Fortis announced the acquisition of ITC Holdings Corp., a pure-play transmission company as part of a massive US\$11.3 billion deal.

The sheer genius of this deal is two-fold. Firstly, Fortis' reach will expand into eight new states that ITC had coverage in, but Fortis did not. Secondly, ITC's primary transmission infrastructure overlaps with some of Fortis' coverage area, further establishing the company's dominant position in some markets.

The end-result of the ITC deal will propel the combined company into a massive \$42 billion behemoth, becoming one of the largest utilities on the continent.

Buy Fortis now, hold Fortis forever

Just like Warren Buffet, the favourite holding period for Fortis is forever. Fortis is a stock that not only

provides growth, but a great dividend that has been raised for a record-breaking 42 consecutive years.

The current quarterly dividend is pegged at \$0.38 per share, which given the current stock price of \$43.48, gives the stock a fairly impressive yield of 3.45%. In terms of stock price growth, in the past three months, Fortis is up by 8%, and expanding out year-to-date shows the stock up by a very impressive 16%. Long-term investors will take solace in knowing that over the past five years Fortis has risen by over 35%.

Let's quantify that for a moment. On average, Fortis grows at 7% every year, while providing over 3% in dividend income.

In my opinion, investors looking for a growth and dividend producing stock over the long-term will be hard-pressed to find a better option to add to their portfolios.

CATEGORY

1. Energy Stocks
2. Investing

TICKERS GLOBAL

1. TSX:FTS (Fortis Inc.)

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Date

2025/07/31

Date Created

2016/07/18

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