



## Fortis Inc. Is the Perfect Holiday Gift

### Description

If you haven't finished your holiday shopping just yet, **Fortis Inc.** ([TSX:FTS](#))([NYSE:FTS](#)) might be the perfect last-minute stocking stuffer.

Fortis is a unique and tempting investment that will fit nicely into almost any portfolio. Here are but a few reasons that investors may want to consider adding the utility to their portfolios.

#### Fortis is a non-utility utility

Utility stocks are by far and large boring investments. Let's face it—utilities offer an important service to communities that we often take for granted. Utilities that provide us those services typically offer a regulated rate that rarely changes.

In other words, your typical utility offers stable, regulated income with little to any prospects for growth.

Fortis, however, offers this and more. Fortis has the stable, regulated income thanks to the company's holdings across five Canadian provinces, nine U.S. states, and the Caribbean. But Fortis also has an aggressive appetite for acquisitions that not only opens new markets to Fortis, but also strengthen the company's overall footprint.

Fortis's recent acquisition of ITC Holdings Corp. is a prime example of this.

The ITC deal is only the most recent in a string of deals that have grown Fortis into one of the top 15-largest utilities on the continent.

Prior to the ITC deal, Fortis completed similar but smaller deals for CH Energy Group Inc. in 2013 for US\$1.5 billion and US\$2.5 billion to acquire UNS Energy Corp. in 2014.

#### Fortis is a must-have dividend stock

Few companies can attest to offering a great dividend over a long period.

Fortis has consistently paid a dividend and raised it each year for the past 43 years. Even better is that

this is a trend that is unlikely to end anytime soon. Management has already set growth targets of approximately 6% over the next few years. The ITC deal alone is set to provide 5%, leaving the company plenty of options for additional growth.

The current quarterly dividend amounts to \$0.40 per share, or \$1.60 per year, resulting in an impressive 3.94% yield. Considering the stability of the business, the growth of the dividend that is planned, as well as the history of dividend increases, Fortis really is a great dividend stock for almost any portfolio.

### **What about interest rates?**

Interest rates have finally started nudging upwards. The U.S. Fed increased rates this month and alluded to further rate increases down the road.

Rate increases typically cause some investors to update their portfolio accordingly, shuffling some dividend-paying stocks for bonds. This seems unlikely for Fortis, particularly over the short term, as Fortis is both a stable and growing business, and the interest rate increases are still minuscule in comparison to the potential dividend-earning potential of Fortis.

In my opinion, Fortis remains a strong investment option for almost any portfolio, particularly over the long term.

### **CATEGORY**

1. Investing

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