



## 2 Utilities Every Portfolio Should Have

### Description

Utility companies are often thought of as being boring investment options. While there are a variety of reasons for this stereotype, chief among those reasons is the perceived notion that utilities offer relatively little, if any, growth prospects to investors.

This couldn't be further from the truth, as utilities can form the backbone of nearly any portfolio with growth and income prospects that make them ideal buy-and-forget investments.

Here's a look at some utilities that you should consider.

**Fortis Inc.** ([TSX:FTS](#))([NYSE:FTS](#)) is the longstanding forever stock that every investor should include. The utility has a sprawling network that includes five provinces, over a dozen U.S. states, and even the Caribbean.

Fortis is attractive for two main reasons.

First, the company has grown aggressively over the years and continues to strive for the bigger deal that will open the company to new markets and strengthen the coverage footprint. That aggressive growth has propelled Fortis to become one of the 15 largest utilities on the continent.

Fortis's most recent acquisition — ITC Holding Corp. — is a perfect example of that aggressive growth. That single deal expanded Fortis's reach into a handful of states the company did not previously cater to, and the added revenue from ITC will fuel annual growth of Fortis by 5% over the next few years.

Fortis's dividend is the second reason to consider the company. Fortis is now entering the 44th consecutive year of dividend increases. That's an incredible record which isn't likely to end any time soon. The current quarterly dividend sits at \$0.40, which, at the current price, results in an impressive and stable yield of 3.78%

Fortis currently trades at just over \$42 with a P/E of 23.05.

**Algonquin Power & Utilities Corp.** ([TSX:AQN](#))([NYSE:AQN](#)) is another great option for investors

looking for a utility.

Algonquin has a large portfolio that includes both renewable and sustainable energy components across both Canada and the U.S. Algonquin also provides water and gas utilities to customers in 11 states across U.S. In short, Algonquin is a diversified company with an impressive coverage area.

But what makes Algonquin a great investment?

Algonquin pays a quarterly dividend of approximately \$0.1427 per share, given that the stock price, and the currency conversion amounts to a juicy 5.15% yield. The dividend has been raised for seven consecutive years now, and there are plenty of reasons why that dividend is likely to continue increasing over the next few years. Management sees that growth pegged at 10% per year.

Algonquin is investing heavily in growth through acquisition and investing in new renewable energy projects. The recent acquisition of Empire District Electric earlier this year should fuel growth for the company over the next few years, and that's not even counting the +\$5 billion in investment projects the company as underway.

Algonquin represents a great investment opportunity for investors looking for long-term growth and a growing income. The stock currently trades below \$12 with a P/E of 28.34.

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