



## How Fortis Inc. Can Power Your Portfolio to Growth

### Description

Some utility companies really do make great investments.

Contrary to the stereotypical view that utilities are boring investments, some utilities, like **Fortis Inc.** ([TSX:FTS](#))([NYSE:FTS](#)) can be a lucrative addition to your portfolio.

Simply stated, Fortis is the un-utility. Typical utilities are content on growth coming either from the communities that the utility serves in the form of organic growth or from when the facilities are upgraded. The problem is that both these growth events are generational that can take upwards of 20 years.

From a revenue standpoint, most of the revenue that utilities generate comes in from a regulated contract which can also span 20 years or longer. While these contracts provide a steady stream of revenue for the company, there's little to any growth.

Fortis has adopted a more aggressive approach over the typical utility that served the company very well. This has translated into both impressive results and growth for the company.

### Incredible growth

Fortis already operates in nearly a dozen U.S. States, five provinces and several Caribbean countries. While that is impressive, what really sets Fortis apart from other companies is the aggressive growth that the company has engaged in over the past few years through a series of well-executed acquisitions.

The largest and most recent of these acquisitions was the ITC Holdings deal last year. That deal alone exposed Fortis to seven new U.S. state markets and helped fuel what management believes to be an estimated 6% growth for the company over the next few years.

The US\$11.3 billion deal also saw Fortis pushed into an elite crowd of the largest utilities on the continent, with over \$48 billion in assets. By comparison, 30 years ago, Fortis had just shy of \$400 million.

The ITC holdings deal is not a one-time event either; Fortis has a string of these deals going back several years which is one reason the company is so attractive to long-term investors, and that growth has spilled over into the stock price which has steadily appreciated over 13% over the course of the past year, and over 30% in a longer five-year period.

Given Fortis' history of acquisitions, it's not outside the realm of possibility that Fortis will continue to look for additional acquisition targets in the future.

### **Sustainable dividend**

The only thing that is better than having an incredible appetite for growth is providing a great dividend to follow-up on that growth. Fortunately, Fortis provides a sustainable and respectable yield of 3.62% to investors, which comes out to \$1.60 annually.

Impressively, Fortis has raised that dividend for 43 consecutive years and looks set to continue that trend for the next several years, thanks in part to that ITC deal last year.

This factor alone may be enough for some investors to consider Fortis as a buy-and-forget addition to their TFSA portfolio. Even better, over the course of the years, those tax-free dividends could provide some significant growth thanks to the miracle of compounding.

In short, Fortis fits the definition of buy-and-forget, and in my opinion, Fortis makes a great addition to nearly any portfolio.

### **CATEGORY**

1. Investing

### **TICKERS GLOBAL**

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

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1. Investing

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