



## A Top Dividend Stock You Could Hold in Your TFSA for Decades

### Description

One of the major qualities that make a stock fit for your [buy-and-hold portfolio](#) is its ability to perform in both good and bad times. There are not many stocks that fit into this criterion. Power and gas utilities, however, certainly stand out in this category.

The companies that bring gas and electricity to your homes provide steady growth in earnings and dividends and descent gains in the share price if you hold them over a long haul in your Tax-Free Savings Account (TFSA).

In North America, utilities operate in a rate-regulated environment, meaning their revenues are almost guaranteed as long as they keep providing the services. This predictability in cash flows helps them pay very stable dividends to investors.

Investing in utilities has not been a profitable trade so far this year, as investors shifted their preferences when interest rates started rising, but this short-term pullback doesn't change utilities' long-term demand from income-seeking investors.

With this theme in mind, here is a top utility stock you might find worth investing through your TFSA due to its strong position in North America.

#### Fortis Inc.

St. John's-based [Fortis Inc. \(TSX:FTS\)\(NYSE:FTS\)](#) provides electricity and gas to 3.2 million customers in the U.S., Canada, and Caribbean countries. The U.S. accounts for more than 60% of its assets, while Canada has more than 25%, and the rest are in the Caribbean.

With 44 consecutive years of dividend growth, Fortis has one of the longest records of rewarding its investors. Going forward, Fortis plans to raise its dividend at an annual rate of 6% through 2021, as it pursues new projects to improve its cash flows.

Fortis has been very successful in growing organically through acquisitions. Its US\$11.3 billion acquisition of Michigan-based ITC, a regulated electric-transmission utility that operates in seven

Midwest U.S. states, was the largest deal yet and positions the company to take advantage of growth, especially in renewable generation.

Fortis's latest earnings show that it is well on track to grow its profit after these acquisitions. Its cash flows from operating activities rose 46% to \$2.8 billion in the fourth quarter, while the company reported net earnings attributable to common equity shareholders of \$963 million for 2017, or \$2.32 per share, up from \$585 million, or \$1.89 per share, for the previous year.

### **The bottom line**

After hitting the 52-week low this February, Fortis stock has been recovering fast. TFSA investors have probably missed the chance to pick its juicy yield, but I believe it's still an attractive buy-and-hold stock at its current price of \$42.63. The company pays a \$1.7-a-share annual payout with 6% expected growth through 2021.

### **CATEGORY**

1. Dividend Stocks
2. Energy Stocks
3. Investing

### **TICKERS GLOBAL**

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

### **PARTNER-FEEDS**

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