



## This Is Canada's #1 Never-Sell Stock

### Description

One of my greatest fears when investing is trying to figure out which stocks I am going to hold for the long-run. I am not much of a trader, so when I choose a stock, I try to choose one I can [hold for decades](#).

Unfortunately, it is very difficult to know which stocks are going to be around in another 30 years. Take a look at a company like **General Electric**. This was once a stalwart, never-sell holding that many investors thought would be around forever. But after a few missteps and a bout of bad luck, that once-solid holding has fallen out of favour in a bad way.

There is no certainty with investing, but we can do our best to try to choose stocks that can stand the test of time. In Canada, one stock that I could classify as a never-sell stock would be **Fortis** ([TSX:FTS](#))([NYSE:FTS](#)). This company has continued to perform year after year and should be a core holding for every Canadian portfolio.

One of the main reasons that Fortis is such a stable holding is due to the fact that 99% of its earnings are regulated. While this means that the company is not going to experience huge growth, it does make it incredibly stable. Its earnings are also quite diverse, with about 65% coming from the United States. Fortis's strategy of investing domestically, in the Caribbean, and especially in the U.S. has resulted in compound annual earnings growth of 8.1% over the past five years.

I am partial to regulated utilities like Fortis because of their ability to make capital expenditures for acquisitions and upgrades from their predictable cash flow. In 2016, for example, Fortis completed the acquisition of ITC, a Michigan-based utility company, in order to continue to expand its international presence. Fortis is also spending billions to transition many of its coal-based power plants to cleaner-burning natural gas and renewables.

Besides funding growth initiatives, Fortis is able to continuously increase [its dividend](#) payout from those same stable cash flows. In time, Fortis has achieved the distinction of having one of the longest dividend-paying and -increasing streaks of any company listed on the TSX. At present, the dividend does not appear large at about 3.6%. But that dividend has grown for decades. In the fourth quarter of 2018, Fortis increased its dividend by 5.9%, marking the 45th consecutive year of increases. It forecasts continuing annual increases of 6% through 2023.

Of course, nothing is ever certain in life or investing. It is possible that some new power-generating technology will emerge and eliminate the need for power utilities like Fortis. It would certainly not be the first time that a company became obsolete as a result of new technology. Fortis might also make a serious mistake like GE did, causing the company to collapse in on itself.

But I think that this is highly unlikely for Fortis. Increasing energy demands for new and existing technologies, growing populations, and a focus on developing renewable resources will continue to power this company's growth and dividends in the years ahead. Tuck this away, collect the dividends, and enjoy the growth this company provides.

## CATEGORY

1. Dividend Stocks
2. Investing
3. Stocks for Beginners

## TICKERS GLOBAL

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

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