



Fortis Inc. (TSX:FTS): A Top Income Stock for Lazy Investors

Description

The search for reliable yield is once again leading investors to [dividend stocks](#).

Last year, the share prices of many go-to dividend names came under pressure amid concerns that rising interest rates would make no-risk alternatives more competitive. It's true that five-year GICs briefly topped 3.5% in late 2018. At that level, it would make sense for some investors to shift funds inside a TFSA where the interest is not taxed.

Today, however, it appears rate hikes are on pause and some analysts are even calling for rate cuts as the next moves by both the Bank of Canada and the U.S. Federal Reserve. The mood shift has hit bond yield and that has subsequently impacted GICs. At the time of writing, it is difficult to find a five-year GIC that offers a return of better than 2.5%.

Investors might find it time consuming and stressful to continuously watch the bond market and the gyrations of GICs, trying to catch yields at their near-term peaks. In addition, sitting on cash generally results in lost returns that could have been generated with quality dividend-growth stocks.

Let's take a look at one company that might be an interesting pick for investors who would prefer to buy stocks and simply sit on them for decades.

Fortis ([TSX:FTS](#))([NYSE:FTS](#))

Fortis is a North American utility company with businesses that include natural gas distribution, power generation, and electric transmission assets. The majority of the revenue comes from regulated operations, meaning cash flow should be reliable and predictable.

Fortis grows through acquisitions and organic investments. Over the years, the company has gone from being a small utility in Eastern Canada to a giant with \$50 billion in assets. Fortis does a good job of sharing profits with investors and that trend is expected to continue. The board has raised the dividend for 45 straight years and management intends to boost the distribution by 6% per year through 2023, supported by an ongoing \$17.3 billion capital program. The company has also identified

additional projects that should extend the dividend-growth outlook. The existing payout provides a [yield](#) of 3.6%.

Income investors are primarily concerned with protecting their initial investment and watching the yield grow as dividend payouts increase. That said, it doesn't hurt to pick up some nice capital gains along the way.

A \$10,000 investment in Fortis two decades ago would be worth more than \$75,000 today if you pocketed all the distributions. If the dividends were used to buy new shares, the value would be \$110,000.

The bottom line

Fortis has a strong track record of dividend growth supported by rising revenue and higher income. If you are searching for a stock to simply buy and forget in your portfolio, Fortis deserves to be on your radar.

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Date

2025/08/25

Date Created

2019/04/16

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