



## Retire and Relax With Fortis (TSX:FTS) in Your Dividend Portfolio

### Description

Fortis ([TSX:FTS](#))([NYSE:FTS](#)) stock resides in many retirees portfolios for good reason. It's a [top dividend stock](#) that acts as a great anchor for any diversified portfolio.

### Fortis is a top dividend stock

This past week, Fortis announced a dividend increase of 6.1% along with a bigger capital-investment plan of \$18.3 billion for the next five years. This dividend hike marks the quality utility's 46th consecutive year of dividend growth.

Because of Fortis's solid dividend track record, many investors who are retired now have been invested in the stock for decades. Some long-term investors automate the process by reinvesting their dividends in the utility to snowball their investment into retirement.

An investment made at the beginning of 2000 would have delivered total returns of 12.1% per year. However, if dividends were reinvested, the investment would have delivered annualized returns of 14.6%. For example, an initial investment of \$10,000 would have transformed into more than \$95,600 without dividend reinvestment and *\$145,600 with dividends reinvested*.

Currently, Fortis offers a yield of 3.5%.



## Fortis provides stability in any diversified portfolio

Because of its non-cyclical and regulated nature, Fortis stock acts as a great anchor for any diversified portfolio. People are unlikely to cut their electricity and natural gas usage, even when the economy turns for the worst.

What makes Fortis's profitability stable is that it has 3.3 million utility customers and largely generates earnings from transmission and distribution assets.

Furthermore, Fortis's earnings are diversified geographically. Specifically, it generates about 66% of its earnings in the U.S. That's why Fortis's earnings are expected to remain stable or even increase in future recessions.

Fortis is also a low-beta stock. According to Yahoo Finance, the stock's recent beta is 0.05. So, if the market moves 1% up or down, Fortis is expected to move only 0.05% up or down.

Most retirees don't want roller-coaster rides in their stock portfolios. So, Fortis is [a great dividend stock to retire and relax with](#).

## One more thing

To ensure it's a relaxing experience to hold your Fortis stock, ensure to buy it when it's at least fairly priced. Besides, making purchases in FTS stock whenever it's attractively priced will inject astonishing growth to your overall investment!

Because the utility is highly predictable with very stable earnings, it tends to trade at a premium price-to-earnings ratio. Its 10-year normal multiple is about 19.1, indicating a fair price of about \$49 per share over the next year or so.

So, retirees or soon-to-be retirees can continue to hold the stock for the rising income, but if you're thinking of buying Fortis, don't pay more than \$49 per share.

## 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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