



Here's the Recurring Income Stream You Need

Description

Identifying a great income-producing stock for your portfolio is like finding the perfect holiday gift. It's the investment that keeps on giving with each passing quarter and never ceases to amaze. That's one of the many advantages of adding stocks that can provide a recurring income stream.

One such example is **Fortis** ([TSX:FTS](#))([NYSE:FTS](#)), and here's why this well-known utility behemoth belongs in your long-term portfolio.

The stable fortress that is Fortis

Utilities are well known for their stable business models. In short, long-term regulated contracts are signed that set out the compensation the utility is to be provided. For as long as the utility continues to provide service, it will receive a steady and recurring stream of revenue.

In the case of Fortis, the company boasts 10 distinct utility operations across Canada, the U.S., and the Caribbean. Those operations represent \$56 billion in assets spread across regulated electric and gas segments. Together, the electric and gas utilities comprise 3.3 million customers. The sheer size of Fortis earns it a place among the largest utilities on the continent.

In other words, Fortis is a defensive stock with a sizable moat and recurring revenue stream. That alone makes Fortis a great buy, but there's still more. Let's talk a bit about that recurring income stream.

Buy now, get rich later

One of the main points raised by critics of utility stocks is that they are boring and lack any real growth options. The underlying reason for that view is that if utilities are paying out so much in dividends, there is little left to invest in growth.

Let's dispel that myth. Fortis offers a quarterly dividend that currently works out to a respectable 3.87%

yield. That return is not the highest on the market, but it is one of the most stable.

Even better, Fortis continues to provide handsome annual upticks to that dividend. The company currently boasts a whopping 47 consecutive years of annual dividend hikes. If that isn't enough, Fortis is forecasting annual bumps of 6% to that dividend through 2025.

Part of that forecasted growth stems from growth initiatives that are underway. Fortis has a massive \$19.6 billion multi-year capital program charged with expanding its rate base. This includes investments in renewable energy and meeting strict carbon emission targets.

Why you need a recurring income stream

Fortis has appealing traits for every investor's portfolio. The [reliable income stream](#), and impressive dividend history top that list of achievements. A solid history of dividend hikes and a commitment to further hikes makes Fortis hard to ignore.

In short, if you want a recurring income stream in your portfolio, you should buy Fortis now and hold it for the long term.

CATEGORY

1. Dividend Stocks
2. Investing

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