



## Diversify Your Portfolio With Fortis (TSX:FTS)

### Description

How diversified is your portfolio? It was approximately one year ago that the market saw a deep and painful COVID-induced sell-off. Fortunately, most stocks have clawed back those losses, and the overall market has roared back to life. That being said, the need to diversify your portfolio has never been greater. Fortunately, **Fortis** ([TSX:FTS](#))([NYSE:FTS](#)) is a great long-term investment that should be a core holding for any portfolio.

### What makes Fortis great?

Fortis is a great [defensive option](#). The company is one of the largest utilities on the continent, with a growing presence across Canada, the U.S., and the Caribbean. Fortis is also unique among its utility peers in that it defies the stereotypical view that utilities lack growth potential. Instead, Fortis has invested aggressively over the years to expand into new markets, fueling strong growth.

Fortis's defensive business model provides a [recurring and stable revenue stream](#), which is both used for reinvestment and passed on to investors in the form of a dividend. To put that another way, the overwhelming majority of Fortis's business stems from regulated utilities backed up by long-term contracts. Those contracts can span decades, hence the recurring stability I noted.

Adding to that appeal is the fact that Fortis is investing in its future. Unlike the stereotype view of utilities resting on their laurels, Fortis is upgrading and transitioning its assets towards renewable energy sources. This comes in the form of a massive capital improvement plan with an earmarked value of over \$18 billion over a five-year period.

Collectively, all these points make Fortis a great recession-proof, long-term holding to diversify your portfolio. Best of all, I haven't even mentioned the income potential yet.

### Fortis is a great income producer

One of the main reasons why investors continue to flock to Fortis as an investment is for its dividend.

In short, the quarterly dividend on offer represents one of the best and most stable returns on the market. Fortis's current yield works out to a decent 3.85%. While this isn't the highest yield on the market, it is stable and continues to grow.

In fact, Fortis has provided annual consecutive upticks to its dividend for nearly five decades. Once that five-decade milestone is reached in 2022, Fortis will earn the title of Dividend King. This factor alone makes Fortis a prime candidate for any well-balanced portfolio.

To put some of that earnings potential into context, consider an investment of just \$25,000. In the first year alone, that investment will earn just over \$960. If you aren't ready to draw on that income stream, reinvesting those dividends for a decade or more will provide even larger gains, and I haven't even factored in expected growth.

## Diversify your portfolio with Fortis

I often like to remind investors of the need to diversify. This important point is often overlooked when superb investment opportunities arise that promise stellar growth or income-earning potential. That view is further forgotten when markets surge to new highs, as they have done recently. In reality, there is no single investment on the market that is without risk, and investors need to be cognizant of that point.

Fortunately, with an investment like Fortis, that risk is low, and the earnings potential is high. The fact Fortis has a stable, defensive business model to fall back on is something that few investments can match. Throw in the storied history of annual dividend growth and the impending reclassification as a Dividend King, and you have a solid option.

To put it another way, buy Fortis now, forget about it, and hold it forever.

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