



1 Reliable TSX Stock to Buy Now and Hold Forever

Description

Investors should still exercise caution when investing in the current environment. All fronts seem to be posting gains, whether in the equities, bonds, and cryptocurrency markets. The situation is confusing, and you could fall into a false sense of security. For dividend investors, taking [unnecessary risks](#) isn't an option, regardless of the market environment.

Fortunately, the TSX has a slew of reliable income stocks. However, if you're risk averse and chasing long-term financial goals, **Fortis** ([TSX:FTS](#))([NYSE:FTS](#)) is the most logical choice. The utility company is well positioned to survive the fallout from COVID-19 and withstand future economic downturns. You can [buy it now and hold forever](#).

Investment thesis

Fortis has a market capitalization of \$24.8 billion and is the leading utility company in North America. The number one investment thesis is that its utility assets are virtually 100% regulated. Fortis's regulated power contracts are the principal reasons for the solid revenues and stable cash flows.

When you invest in this utility stock, you get access to top-quality electrical utilities, not only in Canada but in the U.S. and the Caribbean as well. The company is the main supplier of electrical power in Prince Edwards Island and Newfoundland. In British Columbia, Arizona, and New York State, Fortis distributes natural gas.

The high-voltage power lines in the U.S. Midwest stretches 25,100 kilometres. Regarding earnings, Fortis derives about 65% from its U.S. operations. The company has been operating since 1885 and has grown to be one of the top 15 utilities in North America. It has 10 utility companies under its wings.

Tumultuous COVID year

The COVID year was tumultuous for most businesses across several industries. Fortis's net earnings attributable to common equity shareholders for the full-year 2020 dropped 26.9% to \$1.2 billion versus

the previous. Nevertheless, its president and CEO David Hutchens described 2020 as a successful year on many fronts.

Fortis instituted various customer relief initiatives in its utilities last year. It includes the temporary suspension of non-payment disconnects and late fees, delayed customer rate increases, and the deferred recovery of costs. The company's community investments were more than \$15 million. The fund includes a \$5 million allocation for community support in response to the global pandemic.

Capital expenditures reached \$4.2 billion. For the period from 2021 to 2025, Fortis's five-year capital plan is worth \$19.6 billion. The budget is \$800 million more than the previous plan because of two new major capital projects at FortisBC Energy. Management will also make additional investments in technology systems and storm hardening.

Fortis will fund the capital expenditures primarily from internally generated funds or cash from operations. Since Fortis hopes to deliver a cleaner energy future, it targets a 75% reduction in carbon emissions by 2035 from a 2019 base year.

When the five-year capital plan is complete, Fortis expects its rate base to be around \$40.3 billion. The long-term growth in rate base assures support for earnings and dividend growth.

Dividend growth

The utility stock currently pays a 3.85% dividend. However, would-be investors should know that Fortis plans a 6% average annual dividend growth through 2025. The goal hinges on the successful execution of the five-year capital plan and reasonable outcomes for regulatory proceedings. In 2021, Fortis investors are up 3.3% year to date.

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