



The Top Dividend Growth Stock Long-Term Investors Should Consider Today

Description

As we emerge from the pandemic, dividend stocks are among the best ways to play the recovery right now. Specifically, stocks that offer increasing dividends over time have been proven to outperform in times like these.

Indeed, in this regard, **Fortis** ([TSX:FTS](#))([NYSE:FTS](#)) remains one of my [top picks](#) today.

Here's more on why I think this dividend growth stock is likely to outperform over the long term.

Fortis has an incredible business model

One of the reasons Fortis is able to consistently raise its dividend year in, year out is its business model.

As a regulated utility, Fortis earns extremely stable cash flows. These cash flows grow according to the rates agreed to in long-term contracts. Thus, pricing power and upside in terms of margins is limited. However, investors have a very clear picture of what the company will earn over time. This is extremely bullish for long-term investors.

Unless Fortis customers all decide to turn the lights off and stop heating their homes simultaneously, Fortis will continue to make money. It's the perfect defensive income play in this kind of environment.

Furthermore, the company is well diversified geographically. Fortis has a strong domestic presence, but has also expanded to the U.S. and the Caribbean. The company is continuing to seek out growth opportunities, providing further room for capital appreciation over the long term.

Dividend growth track record unmatched

As mentioned, Fortis' status as a Dividend Aristocrat is truly unmatched on the **TSX**.

The company's track record of delivering annual dividend increases is truly incredible. In fact, Fortis

hasn't missed an annual dividend hike in nearly five decades. That's a long time.

Accordingly, it's not a miscalculation to suggest that dividend growth is likely to continue for decades to come. No matter how bad things get, Fortis stands as a rock in a storm. Investors looking for income appreciation over time have a stalwart stock to rely on. Such stocks are very difficult to find.

Fortis' current dividend yield of 3.7% is nice. However, over the long term, investors can expect to see a much higher yield as a percentage of one's initial investment in this stock.

I see no reason to believe that Fortis will slow its pace of dividend increases any time soon. Accordingly, Fortis continues to remain a stock I'm pounding the table on here.

It's not a sexy growth play. But in this otherwise overvalued market, it's the perfect stock for long-term investors right now.

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