



Invest in Fortis (TSX:FTS) Now and Retire Comfortably Later

Description

Did you invest in **Fortis** ([TSX:FTS](#))([NYSE:FTS](#)) yet? There aren't too many stocks on the market that are attractive as Fortis. Incredibly, this otherwise boring stock holds many advantages for would-be investors.

A unique, yet necessary business

There are two widely-held views when it comes to utility stocks like Fortis.

The first is that utility stocks are incredibly [defensive](#) investments. While the statement is true, it's worth taking a deeper look as to why Fortis is a great defensive stock.

As a utility, Fortis provides a service to the areas it serves. That utility service is set out in long-term regulated contracts that can span several decades. Those contracts also include terms for compensation, which is tied to providing that service.

The utility service that Fortis provides includes both gas and utility services. Those utility operations blanket over 3.4 million customers across multiple operating regions in the U.S. and Canada.

In other words, for as long as Fortis continues to provide its service, the company is generating a stable and recurring revenue stream. Not bad, right? But wait- it gets better.

Growth potential

The second stereotype has to do with growth, or more specifically, a *lack* of growth. In this case, the view is that utilities lack the will or incentive to invest in growth initiatives. The rationale here is that after paying out a handsome dividend to investors, there's little room to invest in growth.

Again, Fortis dispels this myth handily.

If anything, Fortis has taken a very aggressive stance towards growth. The company has leveraged

several key acquisitions in the past to springboard growth into new markets. While those acquisitions, particularly the larger ones, have been few lately, that doesn't mean Fortis has stopped growing.

In recent years, that growth has shifted to making existing facilities more efficient and cleaner, while transitioning over to renewables. Fortis has allocated billions to a multi-year capital improvement plan to accomplish this feat. That factor alone may be reason enough to invest in Fortis, but there's still more.

Income generation

One of the main reasons why investors turn to utility stocks is the [dividend](#) they offer. In the case of Fortis, that dividend works out to an appetizing 3.84%. Putting that yield into context, a Fortis investment of \$30,000 will provide investors with a first-year income of just over \$1,150.

Reinvesting that dividend until needed will help grow that income stream further. Oh, and speaking of growth, let's take a moment to talk about dividend growth.

Fortis has provided investors with annual, consecutive bumps to that dividend for 48 years. That's an incredible amount of time and provides an appealing incentive for some to invest in Fortis.

As if that weren't enough, Fortis is forecasting further annual hikes at or near 6% for the next few years. This will push Fortis over the 50-year mark, making the stock a Dividend King. In case you're wondering, there are no Canadian Dividend Kings on the market at present.

Investing in Fortis

All stocks carry some risk. This is something that every investor should know, and not just summarily dismiss. Stocks, like the market, go up or down. That said, the defensive appeal of Fortis as a core investment is too good to ignore.

In my opinion, Fortis' [superb income](#) capability, coupled with that defensive appeal, makes it an ideal investment for any well-diversified portfolio.

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