



1 Stock Is All You Need To Get — and Stay — Rich

Description

Retail investors — or regular investors for that matter — can use a simple investment strategy to grow wealth. By investing in dividend stocks, you [allow your money to work for you](#) without any trading activities.

People with long-term financial goals don't just look for the highest dividend payer. Instead, you should be looking for a company whose fundamentals show growing revenue and plenty of cash flows.

After the fundamentals, pay close attention to the payout ratio. The ratio would tell you the percentage of the profits a company would fork out to pay dividends. It has to be on the low side. But if it creeps higher to 80 and then goes over 100, the situation is precarious.

There are several outstanding dividend stocks on the **TSX** that you can [buy and hold forever](#). Following the 2008 financial crisis, many investors started diversifying to mitigate the risks. However, some went with the single stock investing and are getting — and staying rich.

The single stock

The choice of single or multiple stock investments largely depends on your risk tolerance and what works best for you. **Fortis** ([TSX:FTS](#))([NYSE:FTS](#)), an electricity and natural gas distribution utility company, is the name that usually crops up as a single investment candidate.

Seasoned investors are one in saying that the companies that produce electricity and deliver natural gas are among the safest investment choices. Fortis belongs in the not so glamorous utility sector but is a dependable dividend payer.

Fortis is also one of two Canadian utility companies with the longest record of consecutive dividend increases (47 years). Many find utility stocks as dull investments because they can only deliver modest, long-term capital gains.

As of this writing, Fortis is trading at \$53, and precisely 20 years ago today, the price was \$8.58. Since

then, the price has been appreciating by an average of 59% every five years. Had you invested \$10,000 at that time, your money would be worth \$61,771.56 today, which represents a windfall of 518%.

If you take into account the dividends within the same period, the total return on your \$10,000 will come out to 1,185.77% or an absolute amount of \$128,510.47. Bear in mind that the invested capital is only \$10,000. You can already estimate the amount of wealth that Fortis can deliver.

Current stock performance

On a year-to-date basis, the gain of Fortis is 19.6%. The stock pays a dividend of 3.5%, with a low payout ratio of 48.63%. To further justify this energy stock's viability as a long-term investment, let's look at the income generation aspect of the business.

Fortis derives 99% of its revenue from regulated operations, and cash flows are therefore predictable and stable. Somehow, the business model offsets the risk. Demand for electricity and natural gas will not wither for years to come.

In summary, Fortis is a tried and true dividend stock. Loyal investors have been receiving an endless stream of money. If you have a premium utility stock that can sustain you financially for decades to come, it's equivalent to being a rich person.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:FTS (Fortis Inc.)
2. TSX:FTS (Fortis Inc.)

PARTNER-FEEDS

1. Business Insider
2. Msn
3. Newscred
4. Sharewise
5. Yahoo CA

Category

1. Dividend Stocks
2. Investing

Date

2025/08/25

Date Created

2019/11/12

Author

cliew

default watermark

default watermark