



How to Get Your Portfolio from \$100,000 to \$1,000,000!

Description

Every investor wants to be able to build wealth and retire easy. And putting the right stocks in your portfolio is critical to ensuring that you aren't exposing yourself to too much risk and that your returns are strong and consistent enough to be able to ensure that your portfolio increases over time.

There are many different strategies that you can deploy to try and reach the [\\$1,000,000 mark](#) in your savings; investing in a blue-chip utility stock could be one of the safest ways to be able to get there.

Fortis Inc ([TSX:FTS](#))([NYSE:FTS](#)) has been one of the most reliable investments on the **TSX**. The company has grown via acquisitions in recent years.

With a strong presence in North America, it's been able to benefit from a diverse customer base that has helped generate strong profits year after year.

And so it's no surprise that it's a great dividend stock. As well, there is plenty of cash flow from the company's operations to be able to support its dividend, which is currently yielding 3.6%.

Investors will likely also benefit from the dividend increasing over the years; Fortis routinely hikes its payouts and it's likely to continue to do so.

Why dividends alone aren't enough to generate significant growth

Investing \$100,000 into Fortis stock would mean that you'd be earning approximately \$3,600 a year in dividend income. While that's a good payout for holding the stock, it's not nearly enough for your portfolio to achieve significant growth.

With no growth in the payouts, that would equate to dividend income totalling just \$108,000 over the course of 30 years. Even with a [rising dividend](#), the payouts alone aren't going to be able to get your portfolio from \$100,000 to \$1,000,000. Your portfolio is going to need a lot of growth, and the good news is that Fortis can provide that as well.

In five years, Fortis stock has risen 33%, averaging a compounded annual growth rate of 5.9% during that time. Meanwhile, its dividend payments have risen from \$0.32 to \$0.4775, for an increase of 49% and an average annual hike of 8.3%. Factoring in those variables, here's what a 30-year investment in Fortis might look like:

Year	Portfolio	Quarterly Dividend	Annual Dividend	Cumulative Dividend
1	\$105,878.92	\$0.48	\$3,624.98	\$3,624.98
2	\$112,103.46	\$0.52	\$3,927.08	\$7,552.06
3	\$118,693.93	\$0.56	\$4,254.36	\$11,806.42
4	\$125,671.85	\$0.61	\$4,608.92	\$16,415.34
5	\$133,060.00	\$0.66	\$4,993.03	\$21,408.37
6	\$140,882.49	\$0.71	\$5,409.14	\$26,817.51
7	\$149,164.86	\$0.77	\$5,859.94	\$32,677.45
8	\$157,934.14	\$0.84	\$6,348.31	\$39,025.76
9	\$167,218.97	\$0.91	\$6,877.37	\$45,903.13
10	\$177,049.64	\$0.98	\$7,450.53	\$53,353.66
11	\$187,458.24	\$1.06	\$8,071.46	\$61,425.12
12	\$198,478.76	\$1.15	\$8,744.13	\$70,169.25
13	\$210,147.17	\$1.25	\$9,472.86	\$79,642.12
14	\$222,501.56	\$1.35	\$10,262.33	\$89,904.45
15	\$235,582.25	\$1.46	\$11,117.59	\$101,022.04
16	\$249,431.94	\$1.59	\$12,044.13	\$113,066.17
17	\$264,095.84	\$1.72	\$13,047.88	\$126,114.05
18	\$279,621.83	\$1.86	\$14,135.29	\$140,249.34
19	\$296,060.57	\$2.02	\$15,313.32	\$155,562.66
20	\$313,465.74	\$2.19	\$16,589.53	\$172,152.19
21	\$331,894.14	\$2.37	\$17,972.10	\$190,124.29
22	\$351,405.93	\$2.56	\$19,469.89	\$209,594.18
23	\$372,064.80	\$2.78	\$21,092.50	\$230,686.68
24	\$393,938.20	\$3.01	\$22,850.35	\$253,537.03
25	\$417,097.51	\$3.26	\$24,754.69	\$278,291.71
26	\$441,618.34	\$3.53	\$26,817.74	\$305,109.45
27	\$467,580.73	\$3.83	\$29,052.72	\$334,162.18
28	\$495,069.43	\$4.15	\$31,473.97	\$365,636.14

29	\$524,174.16	\$4.49	\$34,097.00	\$399,733.15
30	\$554,989.94	\$4.87	\$36,938.64	\$436,671.78

Under the assumed rates, the portfolio would reach just under \$1,000,000 by the end of year 30. And the capital appreciation in the portfolio is significant, with 30 years of earning around 5.9% per year growing the value of the investment from \$100,000 to just under \$555,000.

The rest of the increase in the portfolio comes from the growing dividend. While the payouts may be fairly modest in year one, by year 30 you're earning a lot more on your original investment.

The strong dividend growth would your total dividend income over the years to reach nearly \$440,000, much more than you'd be able to earn than with a stock that didn't raise its payouts.

Bottom line

In this example, your portfolio would benefit both from a strong dividend and a solid rate of growth. However, it's important to remember that these are just assumptions; there's no guarantee that Fortis will be able to increase its dividend by 8.3% every year.

But at the same time, its stock could grow at a rate better than just 5.9% as well. One things is evident at this point: Fortis could be a very powerful investment to hold that could help you accumulate significant returns over the years.

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Date

2025/08/21

Date Created

2019/11/29

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