TFSA Investors: Lay a Nest Egg With 1 Safe High-Yield Dividend Stock

Description

One can feel a subdued fear of a looming recession among investors. The WHO has declared the coronavirus a public health emergency of international concern, and, given this development, the global economy may suffer a setback.

As a TFSA investor looking to lay a nest egg, you might be struggling in picking the stock you should invest in.

If you are not in a hurry to withdraw from your TFSA, I would suggest putting your investment in **Fortis** (TSX:FTS)(NYSE:FTS) stock. Apart from being a Dividend Aristocrat, Fortis is also one of the safest offerings of the **TSX**.

If you had laid nest egg with Fortis stock in 2010 by using your TFSA contribution limit of $5,000, your investment would have turned $9919.5 today, which is almost double. Since its IPO, Fortis has been offering such good returns on long-term investments.

We can't be sure how Fortis stock will perform in the future. However, the following points suggest that your TFSA investment in Fortis will have a good chance of growing.

Fortis' business stands on solid ground

One factor that makes Fortis stand out from many other **S&P/TSX** players is that its business doesn't work on a regular, fluctuating demand-supply equation. Fortis has a vast network of natural gas distribution, electric transmission, and power generation across the North American continent, including the Caribbean.

This asset and business portfolio generally remains impervious to changing global events and market corrections. During recessions, people may not buy cars or homes, but they keep on using the utilities. And Fortis lies at a crucial junction of the supply chain of utilities in the U.S. and Canada.

This business model, which entails nonstop demand and the least chances of supply drop, helps

Fortis's stock to register continuous growth.

Less uncertainty with income and growth

Many stocks hinge on businesses that involve high volatility when it comes to revenue and growth. Fortis fares better in this regard. The utility tariffs are usually fixed and generate stable and stead cash inflow for Fortis.

Similarly, you can also make a good guess about the future growth of a company when you assess it by keeping the acquisitions and expansions in mind.

Sound future planning

At the start of the fourth quarter of 2019, Fortis announced its five-year capital investment plan. The plan has set the average annual dividend growth target of 5% by the end of 2024. Fortis has set this target by factoring in the gradually increasing base tariffs in the next five years.

Fortis has also ventured into a host of third-party projects in Arizona, Ontario, and British Colombia. If things on the front work out as per plans, the growth of five-year capital investment plans could stretch beyond 2024.

Conclusion

Fortis hasn't disappointed its investors in the last 46 years. The inherently failsafe business model and sound future planning have helped Fortis in maintaining the second-longest dividend streak of the TSX.

The relatively safe nature and over 3% dividend yield make Fortis stock an ideal option for investment. If you are a TFSA investor who is looking to lay a nest egg, you should consider Fortis stock.

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