Buy This 1 TSX Dividend Stock for Years of Passive Wealth Creation

Description

Waking up to a market that learned its fate over the weekend is always exhilarating. The **TSX Composite Index** is up 1.3%. Look across the board, and you'll see rocketing share prices in names that shouldn't technically even be rallying. **CNQ** gained 18.5% by lunchtime Monday. **Enbridge** was up by 4.8%. **TD Bank** was up 4.3%. The unbearable uncertainty of the election had been shattered. What was left in its place, with the exception of some gold and tech stocks, was a market-wide relief rally.

Look past the short-term stock market rally

Sudden upside is all well and good. However, the best course of action for TSX investing at the moment might be to adopt a low-risk build-and-trim strategy. When scouring quality indicators of a strong dividend stock, investors should take a number of factors into account, such as predictability and value. These can also help to calculate capital gains, as can other indicators such as projected total returns.

In particular, a multi-decade track record of payment growth goes a long way to reassure investors looking for stocks that pack low-maintenance passive income. **Fortis** (TSX:FTS)(NYSE:FTS), for instance, is often held up as an example of this. The defensive energy play can boast an unbroken payment history spanning four-and-a-half decades. Its dividend yield might be on the small side at 3.7%, but at least it can be said to have reliability going for it.

Fortis might not look like much in terms of growth. However, if it's a steady-rolling dividend stock you're looking for, this name has you covered. While the rest of the market was bouncing all over the place Monday, Fortis kept steady with growth of 1.2%. Of course, that probably shouldn't have surprised anybody *au fait* with a name that boasts a super-low 36-month beta of 0.08%.

A key TSX stock for tax-free investing

There are multiple reasons why Fortis should be one of the first stocks that a newcomer to TFSA investing should consider. Aside from the fact that it barely blinks when the U.S. changes presidents, Fortis is also as reliable as a rock. Predictability is a hot commodity when it comes to stock investing, and a slightly overvalued set of market ratios reflects that. But for first-time TFSA investing, it's a must-have stock.

In terms of value, a P/E of 20 times earnings, especially when underscored with a P/B of 1.5 times book, suggests slight overpricing. But again, this is to be expected when low-volatility stocks are at a premium. Even before factoring in total returns, that 3.7% yield, matched with multiple quality indicators, makes this defensive utilities stock a play for multi-year wealth creation.

This is also a solid addition to a long-term retirement plan. Whether investors are looking way down the road, or simply padding out an RRSP at the last minute, Fortis can provide a bit of backbone to a portfolio. Additionally, Fortis is a key pick for otherwise high-risk momentum investors who are starting to look at broader stock market exposure. It's also a way to hold onto energy exposure while easing out of hydrocarbons.

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