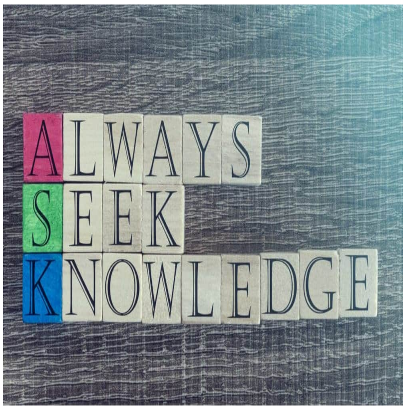

Got $2,000 to Invest in Your TFSA? Here’s 1 Dirt-Cheap TSX Stock to Buy Right Now

Description

The way you use your Tax-Free Savings Account (TFSA) could mean the difference between a rich, comfortable retirement and a later, frugal one. With the ever-increasing cost of living, those who expect to retire well must use their TFSA to invest systematically in the best asset class there is: common stock. Fixed income securities, interest-paying savings accounts, GICs and all other “risk-free” assets are the most unrewarding they’ve been in recent memory.

In an era of near-zero interest rates, so-called risky assets really are the only game in town for those who wish to create meaningful wealth over the long run. However, just because a security is deemed risky does not necessarily mean you’ll be risking your shirt to have a shot at a good retirement.

Heck, when you weigh the threat of inflation (we could be in for an unchecked uptick in the rate of inflation on the other side of this pandemic), opportunities costs and upside risks (risks of missing out on upside), “risky” assets (like stocks, REITs, royalty funds, commodities, ETFs, etc.) look far less risky in comparison.

Risky assets may be less risky than risk-free assets

In the world of risky assets, there are low-risk plays or bond proxies that can offer a stellar risk/reward even for the most cautious reluctant TFSA investor. In this pandemic-plagued market, there’s a tonne of volatility. But if you’re a self-guided investor, you can pick your spots carefully.

With high-quality bond proxies like shares of Canadian utility **Fortis** (TSX:FTS)(NYSE:FTS), you’ll get a low beta (the five-year beta currently sits at 0.06), meaning the stock will have a ridiculously low (almost zero) correlation to the broader **TSX Index**. That means the stock is more likely to zig when the markets zag and vice-versa, given Fortis’s robust operating cash flow is barely affected by the day-to-day news that’s likely to move the needle in most other stocks.

When the markets tank, Fortis can better hold its own. At the same time, Fortis stock may not participate in broad market rallies to the full extent, as has been the case over the past several months that saw the stock market soar to new heights, as Fortis stock fluctuated, ultimately ending up nowhere.

A stellar buy-the-dip opportunity for TFSA investors

Following the recent rotation to COVID-19 recovery plays, boring bond proxy plays like Fortis have pulled back modestly. The recent pullback, I believe, is a great chance for investors of all ages to get a greater margin of safety as market-wide valuations continue swelling to questionable levels.

While you won't get rich off the name as we inch closer to the post-pandemic world, the name will help you preserve your wealth through tough times and grow it at an above-average rate over the long haul. For calculated long-term TFSA investors, that's really all anyone could ask for!

Today, Fortis stock trades at 18.5 times next year's expected earnings and 1.4 times book value, both of which are pretty in-line with historical averages. With a juicy 3.8% yield, which blows bond yields and savings interest rates out of the water, shares are nothing short of compelling in today's turbulent market.

As you're aware, there are no guarantees in the world of "risky" assets. But with Fortis, the growing dividend is the closest thing to a guarantee that you're likely to find.

CATEGORY

1. Coronavirus
2. Dividend Stocks
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TICKERS GLOBAL

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

PARTNER-FEEDS

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