



New Investors: 1 Core Stock to Buy and Hold Forever in Your TFSA

Description

As a beginner, investing in the stock market can be incredibly overwhelming if you don't know where to start. The Tax-Free Savings Account (TFSA) is an excellent investment vehicle for long-term wealth growth. However, making the right investment decisions is important to get the best use out of its tax-advantaged status.

The idea of investing in exciting companies might intrigue you as a beginner. Rather than taking the bait of quick gains that many new investors keep chasing these days, it is better to position your portfolio for long-term gains. Identifying and investing in assets you can buy and hold for the long run can help you maximize the potential of a tax-free account in growing your wealth.

Today's post might help you understand a good approach to begin your stock market investing career if you are searching for [stocks for beginners](#).

Think far ahead

Trying to get short-term, market-beating returns for quick profits can only set you up for disappointment. The **TSX** boasts several success stories that have delivered multi-bagger returns to investors. However, investing in high-growth stock entails a significantly higher degree of capital risk. If your bets on growth stocks do not pay off, you could be looking at significant losses.

It is easy for newbie investors to become overconfident about their ability to tolerate market volatility. Taking on too much risk in your investment portfolio can result in losses that might make you reconsider becoming an investor in the first place. The most successful stock market investors have gained their wealth through a well-disciplined approach with a long investment horizon.

Today, I will discuss a dividend-paying equity security that could be ideal for this purpose.

Fortis

Fortis ([TSX:FTS](#))([NYSE:FTS](#)) is a \$28.64 billion market capitalization utility holdings company. It owns and operates a diversified portfolio of electricity and natural gas utility businesses in Canada, Central America, the US, and the Caribbean. It is a regulated gas and electric utility company, meaning that it generates predictable revenues through its assets.

The company provides an essential service to an estimated 3.4 million customers. Regardless of what happens to the broader economy, Fortis stock can earn stable and virtually guaranteed cash flows due to the nature of its business. Its predictable cash flows allow the company's management to comfortably fund its capital programs and shareholder dividends.

Fortis stock is a Canadian Dividend Aristocrat of the highest order. The dividend stock has been increasing its shareholder dividends for the last 48 years, and it is well positioned to continue doing so for the next few years. Investing in its shares means you don't just get virtually guaranteed dividend income. It also keeps increasing your passive income each year through reliable dividend hikes.

Foolish takeaway

Fortis stock trades for \$59.83 per share at writing and boasts a 3.58% dividend yield. Investing in its shares and storing them in a TFSA could let you grow your wealth without incurring taxes. You can use the dividend income to supplement your active income.

If you do not need to boost your active income streams, you can reinvest the dividends through a dividend-reinvestment program to purchase more shares and accelerate your wealth growth through the power of compounding.

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