



## Set Goals to Improve Your Investment Results

### Description

Investors should have a goal for each investment. If you don't have goals, how do you know you've achieved the results you want? People invest to make money, but that's not a goal in itself. A goal should be measurable, attainable, and realistic.

### Candidate for investment

Before setting a goal for an investment, you need to have a potential investment idea. *The Business News Network* brought my attention to **Dream Industrial Real Estate Invest Trst** ([TSX:DIR.UN](#)) when it was trading above \$7 per unit. The positive commentary from the expert peaked my interest to learn more.

I liked the fact that the real estate investment trust reported that it maintained a high occupancy of 97% in Alberta. As the oil price was pushed lower, Dream Industrial's share price went under more pressure because the REIT generates 32% of its net operating income from Alberta.

### Setting a goal

As Dream Industrial's price fell further, I bought some shares in January. I didn't catch the bottom, but that's okay. Here's why: I believe the monthly income it generates is safe because of its high occupancy of 94.6% and adjusted funds-from-operations payout ratio of 84%, which leaves a comfortable margin of safety for its distribution.

My primary goal was its 10.5% yield. Any price appreciation that comes out of it is a bonus if I decide to sell it later. Most importantly, the fundamentals of the investment were sound and it fit my goal.

### Another example

In 2012 I bought some **Bank of Nova Scotia** ([TSX:BNS](#))([NYSE:BNS](#)) shares at about \$52. At the time its quarterly dividend was \$0.55 per share, and it yielded 4.2%. I expected the bank to grow its dividend by at least 6% per year.

Three and a half years later, the bank's quarterly dividend is \$0.70 per share. It grew 27%, or increased at an average annual rate of 7.1%. So, it exceeded my expectations. The yield on cost for my initial investment is now 5.4%. Again, any price appreciation is a bonus. Bank of Nova Scotia's payout ratio is under 50%, so it should continue to maintain its dividend and has the ability to continue growing it.

## Background story

My first investment was **Husky Energy Inc.** I watched it for a while before I started to trade it. I bought it at a weekly low point and sold it at a weekly high point. I didn't understand my investment, and I didn't have a clear goal.

The "strategy" soon fell apart when the stock traded lower than my buy price. This strategy couldn't possibly produce consistent returns because the results relied on the volatile stock price that moves with news in the short term. In the long term, stock prices move with the business fundamentals. If the business is doing well, the stock price eventually will do well.

## Conclusion

When investors have a potential investment candidate, they should look into how the company makes money and whether its fundamentals are solid or not. If you still like the company afterwards, you can set investment goals that are realistic and measurable.

If dividends are a part of your goals, you should know what to expect in terms of dividend yield and dividend-growth potential, as well as have a plan on what to do if a dividend freeze or cut occurs.

If price appreciation is a part of your goals, you should have a time frame for it and know how much you expect the appreciation to be. As well, you should have a plan on what to do if the price appreciation goal is achieved or not within the time frame.

No matter what your goals are, you should check them periodically (perhaps every quarter, half a year, or year) to see if they're on track. Then, re-evaluate to determine if you need to update your goals or even change your investments. The investing world changes all the time. So, it also makes sense that we might need to change our goals or investments.

## CATEGORY

1. Bank Stocks
2. Dividend Stocks
3. Investing

## TICKERS GLOBAL

1. NYSE:BNS (The Bank of Nova Scotia)
2. TSX:BNS (Bank Of Nova Scotia)
3. TSX:DIR.UN (Dream Industrial REIT)

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**Author**

kayng

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