



Improve Your Portfolio Returns by Setting Clear Goals

Description

How do you know if your stocks are doing well or not?

Set specific, measurable, and realistic goals. Then track your portfolio over time to see if you're achieving them. If not, tweak your strategy so that you will.

The average market returns are 10%. Let's say that you aim for annualized returns of 10-12% for your diversified portfolio and that you'll only invest in quality businesses that are investment grade, which means they have an S&P credit rating of BBB- or better. Moreover, these companies must have been profitable every year for the last decade.

Both **Bank of Nova Scotia** ([TSX:BNS](#))([NYSE:BNS](#)) and **Emera Inc.** ([TSX:EMA](#)) fit well into these criteria.



Bank of Nova Scotia

Bank of Nova Scotia is one of the Big Five banks in Canada, and it has an S&P credit rating of A+.

It is also the most international bank with exposure to emerging markets which should have higher

growth than developed markets.

The shares trade in line with its long-term normalized multiple. In a recent **Thomson Reuters's** report, the consensus 12-month target on the stock was \$85 per share, which represents 8.6% upside potential from \$78.24 per share. Adding in its nearly 3.9% yield, a one-year total return of 12.5% is possible.

For the next three to five years, analysts estimate Bank of Nova Scotia will grow its earnings per share (EPS) by 8-10% per year, which should allow the bank to deliver long-term annualized returns of at least ~12%.

Emera

Emera is involved in generating, transmitting, and distributing electricity, transmitting and distributing natural gas, and providing utility energy services with operations diversified across North America and four Caribbean countries.

Emera has an S&P credit rating of BBB+. The shares trade at a reasonable multiple of ~17.2. In a recent Thomson Reuters's report, the consensus 12-month target on the stock was \$53.20 per share, which represents 13.2% upside potential from ~\$47 per share. Adding in its ~4.4% yield, a one-year total return of ~17.6% is possible.

For the next three to five years, analysts estimate Emera will grow its EPS by 6.8-8.2% per year, which should allow the utility to deliver long-term annualized returns of at least 11%.

Investor takeaway

By setting annualized goals, investors can check back every year to see if their investments are more or less doing what they meant it to do. Generally, returns of dividends from quality stocks are more reliable than share price appreciation.

CATEGORY

1. Dividend Stocks
2. Investing

POST TAG

1. Editor's Choice

TICKERS GLOBAL

1. NYSE:BNS (The Bank of Nova Scotia)
2. TSX:BNS (Bank Of Nova Scotia)
3. TSX:EMA (Emera Incorporated)

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