3 Stock Tips to Help You Grow Your Wealth Faster

Description

Here are three simple stock tips to help you grow your wealth faster. Buy and hold your winners, systematically sell your losers, and buy solid dividend stocks.

Buy and hold your winners

It feels good to take profits on a winning stock. After all, it's never wrong to book gains, right? However, oftentimes, stocks that win tend to keep on winning. Moreover, if you take profit, you might not be able to buy the stock back at a lower price.

Timing the market is easier said than done. For example, investors might miss a buying opportunity, because they are waiting for an even lower price during a market correction.

For example, since its inception, **Shopify** stock has appreciated more than 5,800%! It would have increased investors' wealth more if they'd stuck with it and added to the winning stock over time on dips and during consolidations instead of taking short-term profits.

It's similar for **Enghouse Systems** as well. The 10-year rate of return for the winning tech stock is approximately 29% per year. This is the equivalent of growing $10,000 to $129,544 — nearly a 13-bagger! It would be much easier to just buy, hold, and add to the growth stock opportunistically.

Sell your losers

Opposite to buying and holding your winners, it could be a good idea to sell your losers. It's important to have a systematic way to treat losing stocks. No business is smooth sailing all the time. So, you might have a rule of waiting up to three years for a loser to turn around.

Other investors might not be as patient. They might sell their losers near the year's end to use capital losses to offset capital gains to pay lower taxes. Also, if you think the remaining proceeds from a loser could be better deployed elsewhere, it could increase your appetite to sell.

Buy dividend stocks

Any investor can benefit from having sold dividend stocks in their investment portfolio. Many investors get caught in the moment of the ups and downs of their stocks. Stocks that pay solid dividends could get you to focus on their income generation instead.

You can focus on the business's ability to continue paying safe (and ideally growing) dividends. For instance, many income investors hold **Fortis** (TSX:FTS)(NYSE:FTS) stock for its secure and increasing dividend. The regulated utility has increased its payout for nearly half a century. Its regulated utilities allow it to generate predictable growth, as it earns defined returns on equity.

Management projects a rate base growth at a compound annual growth rate of approximately 6% through 2026, which is supported by its multi-year capital plan across low-risk projects. Therefore, it can support dividend growth of 6% per year over the next five years.

Investors who'd bought Fortis shares ages ago would be sitting on a massive yield on cost. For example, folks who'd bought in 2001 would be sitting on a yield on cost of more than 21%.

These long-term investors would be getting a +21% return on their original investment every year going forward, as long as Fortis maintains its dividend. Fortis should have no problem keeping its dividend-growth streak, given its track record, safe payout ratio, and predictable growth.

Interested investors should seek to buy Fortis stock on dips to lock in a higher initial yield and pay a lower valuation.

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