



The Season of Giving Is Full of Opportunity!

Description

Holiday music is playing in stores everywhere. There are countless lists of the “best toys of 2021” being farmed out to virtual and physical mailboxes everywhere. It’s the [holiday season](#) — the season of giving. And with that festive season, comes a series of updates that are full of opportunities for investors to consider.

Here are several upcoming events that current and prospective investors alike can look forward to.

Canada’s banks are (maybe) going to give investors a major holiday gift

Canada’s bank stocks are about to get very popular among investors. Earlier this month, banks were given the green light to resume dividend hikes and share buybacks. Both measures were halted last year when the pandemic started.

Investors should expect some form of announcement coming when the next set of quarterly updates are announced, later this month.

Canada’s big banks typically maintain a payout ratio in the 40-50% range, but thanks to a string of strong results and no recent hikes, that ratio has dropped into the high 30s. As a result, some of the banks may offer a super-sized hike of 25% or higher to return to that prior range.

Other banks may opt for a smaller hike but turn focus on significant share buybacks. Either way, the banks are awash in cash and ready to return some of it to investors.

When that does happen, the two banks to keep an eye out for are **Bank of Montreal** ([TSX:BMO](#))([NYSE:BMO](#)) and **National Bank of Canada** ([TSX:NA](#)). National currently offers a yield of 2.69%, whereas BMO currently comes in at 3.06%.

By way of comparison, during the last pre-pandemic payout, National’s yield was near 3.89%. Similarly, BMO’s pre-COVID payout was an appetizing 4.13%. Investors can expect both banks to

announce healthy bumps.

Are Canada's big banks full of opportunity? Definitely.

48 years of solid increases and still more to come in 2021

Fortis ([TSX:FTS](#))([NYSE:FTS](#)) is one of the most defensive stocks on the market. Fortis is one of the largest utilities on the continent, with operations in Canada, the U.S., and the Caribbean. Unlike many of its peers, Fortis is a utility that continues to seek out new growth opportunities.

One of those opportunities to mention is Fortis's massive capital program. The company is investing billions over the next few years in growth initiatives, which also include transitional costs related to renewable energy. This not only solidifies Fortis's impressive defensive moat but also introduces new opportunities for growth.

The reliable income today and growth tomorrow also means that Fortis's dividend is well covered. The utility has amassed an incredible string of 48 consecutive years of increases. That [latest increase](#), a 6% increase over the current payout, will take effect with the last payout of 2021 next month.

That increase also means that Fortis is within two years of establishing itself as the only Dividend King in Canada. That factor itself makes Fortis full of opportunities for long-term investors.

The season of giving... and buying?

No investment is without risk, but some stocks are safer picks. Canada's big banks fall into this category. That's thanks to Canada's notoriously regulated financial segment, which removes much of the risk and volatility than U.S. banks see roughly once a decade.

The same can be said of Fortis's impressive defensive moat. Is there a risk? Certainly. But is that risk minimal and offset by the long-term gains that Fortis can provide to investors? Again, certainly.

In short, buy them and hold them. The stocks are full of opportunity, and not just during the holiday season.

CATEGORY

1. Dividend Stocks
2. Investing

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1. NYSE:BMO (Bank of Montreal)
2. NYSE:FTS (Fortis Inc.)
3. TSX:BMO (Bank Of Montreal)
4. TSX:FTS (Fortis Inc.)
5. TSX:NA (National Bank of Canada)

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