



You Could Beat High Inflation With 1 Winning Strategy

Description

The household saving rate in Canada has declined considerably since rising to 28.7% in Q2 2020. With the federal financial support programs over, the rate is down to 6.4% as of Q4 2021. However, the country is now in a period of higher inflation. The financial strain could be more than the pandemic's fallout, because prices are rising and could remain elevated throughout 2022.

Since inflation erodes "real" purchasing power, it would help to boost disposable income. Financial experts suggest a [dividend-focused investment strategy](#) to beat or minimize the impact of inflation. The TSX has high-quality companies paying [attractive dividends](#).

If resources allow, **Bank of Nova Scotia** ([TSX:BNS](#))([NYSE:BNS](#)) and **Pembina Pipeline** ([TSX:PPL](#))([NYSE:PBA](#)) are excellent dividend prospects. Both stocks can provide sustainable income — not only in the short term but for the long haul. Your capital will remain intact, while the payouts could add to your regular take-home pay.

Quarterly income

BNS is the best dividend stock under \$100 to purchase today. At \$87.99 per share, the \$105.98 billion bank pays a 4.55% dividend. Assuming you can afford to purchase \$50,000 worth of shares, income from dividends would be \$2,275, or \$568.75 every quarter.

Canada's third-largest bank has been paying dividends since 1832, and its 190-year dividend track record is likely to continue for decades to come. BNS is a core holding in an investment account like the TFSA. Moreover, the big bank stock is an ideal anchor in a retirement portfolio.

Besides the 11% dividend hike in Q1 fiscal 2022, BNS bought 20.2 million of its common shares already. Management recently announced the plan to increase the size of its share-buyback plan. The target is 36 million more common shares.

In the three quarters ended January 31, 2022, net income rose 14.3% to \$2.7 billion versus Q1 fiscal 2021. Brian Porter, BNS president and CEO, said, "2022 has started well reflecting the full earnings

power of the Bank, with very strong operating results in all our four business lines. This quarter had strong loan growth, along with good fee income growth.”

According to Glen Gowland, BNS's Group Head of Global Wealth Management, the bank's asset management business will play a very big role in its broader efforts to grow the wealth business across international markets.

Monthly dividends

Pembina Pipeline is a top-of-mind choice of dividend investors, because the frequency of payouts is monthly, not quarterly. Apart from the juicy 5.33% dividend (5.33%), you can expect growing dividends every year owing to its [dividend-growth streak](#) of 10 consecutive years. The energy stock trades at \$47.79 per share and is up 26.43% year to date.

The vision of this \$26.3 billion pipeline operator is to be the leader in delivering integrated infrastructure solutions and connecting customers to global markets. Based on management's financial guidance for 2022, the \$655 million capital investment program will result in an adjusted EBITDA between \$3.35 and \$3.55 billion.

Pembina likewise expects cash flow from operating activities to exceed dividends and the capital investment program this year. It will allocate up to the first \$200 million of the excess towards common share repurchases. There will also be additional distribution to shareholders.

Use the winning strategy

Dividend investing and earning extra income make sense in the current environment. The inflationary period could extend until 2023.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:BNS (The Bank of Nova Scotia)
2. NYSE:PBA (Pembina Pipeline Corporation)
3. TSX:BNS (Bank Of Nova Scotia)
4. TSX:PPL (Pembina Pipeline Corporation)

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