



## Newbies: Buying and Holding is the Winning Strategy in 2022

### Description

Buying and holding stocks, not active trading, is the better strategy for [newbie investors](#) testing the waters in 2022. Blue-chip stocks like **Bank of Nova Scotia** ([TSX:BNS](#))([NYSE:BNS](#)) and **Fortis** ([TSX:FTS](#))([NYSE:FTS](#)) should be your holdings from the get-go.

The companies' financial profiles and impressive dividend track records are why seasoned investors and [retirees](#) hold the stocks forever. If you're saving for the future or building retirement wealth, both are eligible investments in an RRSP or TFSA.

### Healthy, well-balanced credit portfolio

BNS, Canada's third-largest financial institution, pays the highest dividend (4.83%) among the [Big Five](#) banks. Also, the 192,894.9% total return (16.54% CAGR) in 49.42 years is certainly eye-popping. Moreover, the share price of \$83.38 is good entry point. Based on market analysts' forecasts, BNS can climb to over \$100 in one year.

The \$99.39 billion bank showed business stability once more recently. BNS president and CEO Brian Porter, said, "We are very pleased with our start to fiscal 2022 as strong loan growth and fee income resulted in solid earnings contribution from each of our four business segments."

Mr. Porter added, "We are delivering on all of our commitments in terms of earnings growth, return on equity, expense control, and balance sheet management while deploying capital in support of future earnings growth and executing on our share-repurchase program."

In Q1 fiscal 2022 (quarter ended January 31, 2022), net earnings grew 14.4% to \$2.74 billion versus Q1 fiscal 2021. BNS's return on equity increased to 15.8% from 14.2% from a year ago. The double-digit loan growth from the Canadian banking segment was the quarter's highlight, although the international banking and global bank & markets also saw accelerating loan growth.

Phil Thomas, BNS's chief risk officer, said, "Our credit portfolio is healthy and well-balanced driven by a favorable business mix shift toward more secured and higher-quality affluent customers, especially in

international banking.”

Porter maintains a constructive outlook for BNS. He said the bank benefits from the diversified trading businesses and a strong advisory pipeline. Management also expects a rebound in financing activity throughout its footprint.

## Committed to dividend growth

Fortis is on track to become the second bona fide Dividend Aristocrat of the TSX after **Canadian Utilities**. The \$29.47 billion regulated electric & gas utility company needs only to raise dividends this year and the next to mark 50 consecutive years of dividend increases; it's a foregone conclusion, because management plans an annual average annual dividend growth of 6% through 2025.

The new \$20 billion capital plan (2022 to 2026) and the expected rate base growth (\$40 billion) should make it possible. David Hutchens, president and CEO of Fortis, also gave an assurance recently that with its low-risk growth strategy, management will meet its dividend-growth guidance.

Jocelyn Perry, Fortis's EVP and CFO, said, “We are comfortably positioned within our existing investment-grade credit ratings, providing financial flexibility as we pursue incremental growth opportunities.” At \$61.01 per share, the utility stock pays a 3.41% dividend.

## Money well spent

Money is well spent on BNS, Fortis, or both, because newbies can accumulate more shares but won't have to sell ever again. The dividends are safe and should be rock-steady for decades.

### CATEGORY

1. Investing
2. Stocks for Beginners

### TICKERS GLOBAL

1. NYSE:BNS (The Bank of Nova Scotia)
2. NYSE:FTS (Fortis Inc.)
3. TSX:BNS (Bank Of Nova Scotia)
4. TSX:FTS (Fortis Inc.)

### PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Quote Media
6. Sharewise
7. Smart News
8. Yahoo CA

## PP NOTIFY USER

1. cliew
2. kduncombe

## Category

1. Investing
2. Stocks for Beginners

## Date

2025/08/22

## Date Created

2022/05/08

## Author

cliw

default watermark

default watermark