



Beginner Investors: 1 TSX Financial Stock to Buy and Hold Forever

Description

It's hard to be a long-term investor these days, with all the trading activity over these past few years. Who wouldn't want to make a quick buck off a trade and get confetti for doing so in a trading app that someone like Charlie Munger — Warren Buffett's right-hand man — may refer to as some sort of “gambling parlor”? For [beginners](#), the line between trading and investing must be known. Any investment horizon measured in weeks or months and not years is not long-term investing.

Indeed, volatility has not been a friend of traders this year. Nobody knows when the selloff will conclude or if we're in the early innings of a vicious bear market that could drag us to much lower levels on the TSX Index and S&P 500. Long-term investors can sleep more comfortably at night, because they do not need to meet near-term goals.

They can also afford to take paper losses, as they know they don't technically lose money until they hit that sell button. Stocks tend to recover with time (perhaps with the exception of the many tech bubbles that burst this year), and beginner investors can treat any dips as opportunities to top up on their favourite names in their long-term TFSA or RRSP portfolios.

The case for long-term thinking amid heightened volatility

Even for long-term thinkers, it's hard not to hit that sell button, especially when all you hear are negatives in the headlines and on TV. Undoubtedly, you're bound to hear the “r” word — *recession* — at least a couple of times when you tune into your favourite business television show. You may even have a bearish pundit urging caution. Indeed, it's hard to find a bull on the Street these days. But could that be why it's a good time to start being a buyer of tossed-out securities?

I'd argue that excessive bearish sentiment may be a sign that it's time to put on one's contrarian hat. If you're in it for the long run (think the next five to 20 years), why not buy a stock that's fallen 10-20% from its highs?

National Bank: A banking underdog worth betting on!

In this piece, we'll have a look at one TSX stock that beginner investors should feel fine buying, even in the face of a recession. Consider shares of **National Bank of Canada** ([TSX:NA](#)), which currently trades at 9.9 times trailing earnings. As the number-six Canadian bank, the financial company may not get the respect it deserves. The firm did better than peers during the 2020 coronavirus recession and may be poised to continue holding its own, as the 2022 or 2023 recession rolls around.

National Bank may be an underdog, but it can take meaningful share, as the bank looks to expand west. Indeed, it's hard to dethrone the banking behemoths, unless you can offer a solid value proposition. By doing away with trading commissions and investing heavily in technologies, National Bank is a play to keep on your radar. The new CEO, Laurent Ferreira, is a great manager that could help take the nearly \$33 billion bank to the next level.

As rates rise, National Bank will benefit, and with so much domestic banking exposure, I view the bank as less vulnerable to a U.S. economic downturn. The 3.8% yield is ripe for picking and growth over the years.

CATEGORY

1. Investing
2. Stocks for Beginners

TICKERS GLOBAL

1. TSX:NA (National Bank of Canada)

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. joefrenette
2. kduncombe

Category

1. Investing
2. Stocks for Beginners

Date

2025/09/26

Date Created

2022/06/07

Author

joefrenette

default watermark

default watermark