Beginners: Where to Take Positions in Q3 2022 and Have Peace of Mind

Description

Canadians can have an ownership stake in publicly listed companies by purchasing stocks. However, some people, especially beginners, won't part ways with their money when uncertainties are high. It's true that the degree of volatility in the stock market today is higher due to recession fears.

Nevertheless, risk-averse investors can mitigate the risks and have peace of mind if the positions are in blue-chip stocks. **Bank of Montreal** (TSX:BMO)(NYSE:BMO) and **Canadian Utilities** (TSX:CU) belong to the cream of the crop. Both dividend stocks are ideal anchors whether you're a veteran investor or a first timer.

Dividend pioneer

BMO, Canada's oldest bank, has survived and emerged stronger from recessions, economic downturns, and financial crises. The headwinds in 2022 are no different. The $86.1 billion bank started the practice of sharing a portion of profits with shareholders. Its first payout was in 1829, and the tradition continues today.

The big bank stock is an investment for the long haul. It means that you can buy shares right now and accumulate more shares in the near term but never sell again. Also, the 193-year dividend track record far exceeds the typical 30-35 retirement years. Many retirees have BMO, as their core holding in an RRSP or TFSA.

BMO trades at $127.66 per share (-3.43% year to date) and pays an attractive 4.26% dividend. The quarterly dividend payments should be safe given the low 26.23% payout ratio. Based on market analysts' forecasts, the average return potential in 12 months is 21% ($154.29).

This Canadian lender is moving closer to an expanded exposure and retail footprint in the United States. BMO is awaiting regulatory approval to take over Bank of the West. Once the US$16 billion transaction is complete, BMO would also cement its foothold in the lucrative San Francisco and Los Angeles markets.

Darryl White, BMO's CEO, said, "This acquisition will add meaningful scale, expansion in attractive markets, and capabilities that will enable us to drive greater growth, returns and efficiencies."

The TSX's Dividend King

Canadian Utilities is a no-brainer buy like BMO. The $11.08 billion utility company is TSX's first and only Dividend King (it has a dividend-growth streak of 50 years). This utility stock recently hit a 52-week high of $41.64 after reporting the earnings results for Q2 2022.

In the three months and six months ended June 30, 2022, adjusted earnings increased 18% and 16%, respectively, versus the same periods in 2021. Management invested $294 million in capital projects in the most recent quarter. The bulk of the investment went to regulated utilities (83%) and the rest went to energy infrastructure (17%).

Canadian Utilities's core business segments — Utilities, Energy Infrastructure, and Retail Energy — provide essential services and solutions to end users. Thus, there should be no doubt about its stability and reliability as a passive-income provider. If you invest today, you can partake of the 4.29% dividend.

Established income stocks

BMO and Canadian Utilities aren't immune to market risks or spikes and dips. However, both are established income stocks. The share prices could drop, but the dividend payouts should continue without fail. Beginners must take note of this important benefit.

CATEGORY

1. Investing
2. Stocks for Beginners

TICKERS GLOBAL

1. NYSE:BMO (Bank of Montreal)
2. TSX:BMO (Bank Of Montreal)
3. TSX:CU (Canadian Utilities Limited)

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
2025/08/21
Date Created
2022/08/02
Author
cliew