TFSA Investors: 1 Top Dividend Aristocrat to Buy Now and Hold for Decades

Description

TFSA investors should insist on wanting to hold their favourite dividend stocks for decades at a time. Indeed, long-term investing is the tried-and-true way to create life-changing wealth. Though time horizons and attention spans have shrunk in recent years, thanks in part to the desire to make considerable sums of wealth quickly, TFSA investors should measure their investment horizons in years or even decades, not just weeks or months.

Personally, I think an investment horizon of 20-30 years is ideal for today's young people. Over such a period, you'll see more than a handful of crashes, bear markets, and surprise shockers. We've already been dealt two tough market sell-offs in the 2020s thus far. Indeed, volatility is a foe of near-term-minded traders. But it's arguably a friend to long-term investors looking to build a TFSA retirement fund over the span of decades. By 2040, few will even remember the bumps in the road en route to much higher levels.

By thinking longer term, those day-to-day moves won't rattle you as much or at all. In fact, you may hope for the markets to correct so you can add to your favourite stocks in your TFSA.

It's been a rocky year, to say the least. And though stocks have recovered ground off the bottom, many such names are still at attractive valuations. In this piece, we'll check out one wonderful dividend stock that has struggled in its off-year, but is poised to come roaring back over the next three to five years. I'd look to hold shares for decades at a time, though, given its growing dividends act as a gift that keeps on giving.

Without further ado, let's have a closer look at the banking sector. It's been bruised badly of late, with various analysts worrying that loan losses will rocket higher in a recession.

Scotiabank: This Dividend Aristocrat is Down, Not Out

Scotiabank (TSX:BNS)(NYSE:BNS) just got clobbered 5.3% in a single day following the release of some brutal results. The international segment dragged Scotiabank to a top-line miss. Meanwhile, Scotiabank is already increasing its expectations for credit losses ahead of a 2023 downturn. Total

PCLs (provisions for credit losses) rose to $412 million.

Banks tend to take a hit to the chin when the economic outlook sinks. After the latest post-earnings flop, BNS stock is flirting with bear market territory again. The stock trades at a 9.3 times trailing price-to-earnings (P/E), with a 5.4% dividend yield. Shares seem cheap historically and versus industry averages. However, given the pain that could be ahead, the price-to-book (P/B) multiple seems like a better gauge of value. On that front, BNS stock looks cheap at just south of 1.5 times P/B.

Scotiabank is in a tough spot right now, but it has a stellar management team that can help guide it higher after a brutal Q3. Though the bottom may not yet be in, I'd argue the swollen dividend makes the name a top long-term pick after its latest plunge.

For a bank known to beat quarters, a miss can be detrimental. I think many were too quick to throw in the towel on a blue chip whose share price and dividend are likely to be much higher in 5-10 years from now.

CATEGORY

1. Bank Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:BNS (The Bank of Nova Scotia)
2. TSX:BNS (Bank Of Nova Scotia)

PARTNER-FEEDS

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

PP NOTIFY USER

1. cleona
2. joefrenette

Category

1. Bank Stocks
2. Investing

Date
2025/09/04
Date Created

2022/08/25
Author
joefrenette