5 Investments You Can’t Go Wrong With

Description

Since the Bank of Canada has been raising interest rates this year, bond and stock prices have declined. So, some of the investments that you can’t go wrong with now are quality corporate bonds and quality stocks. Since bonds are generally less volatile than stocks, it could be a good idea to research quality bonds first.

Investing in quality corporate bonds

Currently, there are some short-term bonds with a high-quality AA credit rating that yield over 5% and can provide some price appreciation to maturity. For example, at writing, there’s an **Intact Financial** bond with a coupon rate of 3.69%, a maturity date of 2025/03/24, an asking price of about $96.48, and an asking yield of almost 5.29%.

You can potentially get higher income and total return by going down the ladder and choosing corporate bonds that still have a good credit rating of BBB. For example, there’s a **RioCan REIT** bond with a coupon rate of nearly 3.21%, a maturity date of 2023/09/29, an asking price of about $97.91, and an asking yield of almost 5.65%.

Holding dividend stocks

Not all quality stocks pay dividends, but those that have a track record of paying safe dividends could be keepers. Quality stocks that pay nice dividend yields are generally lower risk because they provide periodically returns from their regular (ideally growing) dividends. As long as these dividends are safe, eventually, investors will get their entire investment back by doing nothing but holding the shares!

For instance, partly due to rising interest rates that have depressed stock valuations, **Emera** (TSX:EMA) stock has corrected 21% year to date. It could be a good buy-the-dip opportunity.

It is a Canadian Dividend Aristocrat that has increased its dividend for about 15 consecutive years. It’s a regulated utility that tends to make predictable returns on its investments and stable earnings. For reference, its five-year dividend-growth rate is 5.2%.

At $49.82 per share at writing, analysts believe the defensive dividend stock is discounted by about 17%. In other words, it could potentially appreciate more than 20% over the next 12 months while delivering a nice dividend yield of just over 5.5%.

Buying your home

Bonds and stocks are liquid but volatile, and investors can be swayed by emotions such as greed or fear. Bonds are typically less volatile than stocks and are sensitive to interest rate changes. Some Canadians find it easier to build wealth through their home, which can't be sold quickly (as least not as quickly as stocks and bonds).

By buying and investing in your home, it's a very long-term, no-emotion investment that, most importantly, results in *tax-free capital gains*. You can imagine that this could lead to substantial tax savings 20, 30, or 40 years later when you might sell your home. As you make mortgage payments every month, you're steadily paying off your home and increasing your net worth, defined as assets minus debt.

Investing in yourself

You can't go wrong with investing in yourself. Your education can encompass getting another qualification, picking up a new skill, reading up on a new topic, joining Toastmasters, starting a new hobby, etc. You never know what may be useful in the future.

Parking money in GICs

If you have money that you'll need in the short term and that you absolutely need principal protection on, you should consider short-term guaranteed investment certificates (GICs). For reference, the best one-year GIC rate is 5.1%. If you invest $1,000, you'll get $51 a year later in interest income as well as your $1,000 principal back.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:EMA (Emera Incorporated)

PARTNER-FEEDS

1. Business Insider
2. Flipboard
3. Koyfin
4. Msn

5. Newscred
6. Quote Media
7. Sharewise
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