

New Grads: Start Your Portfolio Off Right With These 3 Rock-Solid Stocks

Description

Investing can be really hard sometimes.

There are a million things to consider when looking at a stock. You could look at the company's earnings, its debt, its book value, its free cash flow, its inventory levels, its off-balance sheet obligations, and countless other things that probably aren't a whole lot of fun.

And once you've made a decision, the experts agree that you should keep an eye on that investment. Reading the annual report each year is a given; many other pundits say investors should be reading the quarterly reports as well as keeping up with any news.

I doubt many new grads are looking to do any of that. I know I sure wasn't back then. I was looking for a simple solution that left me plenty of time left over to go out and enjoy life with my friends.

Investing shouldn't be so complicated. All you need to do is find high-quality stocks, buy them when they're reasonably priced, and never sell. Hey, it worked for Warren Buffett, so chances are it'll work for you, too.

Here are three great stocks to get you started.

Telus Corporation

I'm addicted to my smartphone. And I bet you are, too.

Why not profit off that addiction? **Telus Corporation** ([TSX:T](#))([NYSE:TU](#)) is rapidly gaining market share in the wireless sector. The company has made some smart moves, including giving front-line sales reps the freedom to make more decisions and aggressively opening new stores. This has led to an industry-low churn rate as well as nice growth.

Telus is also doing well in television. While its biggest rivals are slowly losing cable and satellite subscribers. Telus is currently expanding its geographic service area to smaller towns and using aggressive price-cutting tactics to increase its television customer count.

Perhaps the best part about owning Telus shares is the company's generous dividend. Because of recent weakness in the price, the stock now yields 4.2%. Management has already promised a dividend hike for 2016, along with another share buyback. And at just 17.6 times trailing earnings, Telus is fairly valued as well.

Empire

Groceries are going to cost you a lot of money over your lifetime. Get some of that money back by investing in **Empire Company Limited** ([TSX:EMP.A](#)).

There are a couple of reasons why I like Empire over Canada's other two major grocers. It's the parent company of both Sobeys and Safeway stores, two brands that aren't trying to be the cheapest place in town. Both chains try to win customers over with stellar service, a better selection of high-margin fresh goods, and nicer stores. A customer at Sobeys or Safeway isn't as concerned about price as one that shops at a value chain.

Empire is also reasonably valued. Shares trade at 18.4 times trailing earnings, and analysts are bullish on the future. Earnings for 2016 are projected to be \$1.78 per share, putting the company at just 15.1 times future earnings. Empire also pays a 1.5% dividend.

Royal Bank

Banking is a good business. Every new grad should have at least one bank in their portfolio.

Think about all the times you'll need a bank in your lifetime. You'll need to borrow at least once to buy a house. You'll need wealth management services when you get older. Those pesky bank fees are always there. And your bank collects a little bit of money every time you swipe your credit card.

Royal Bank of Canada ([TSX:RY](#))([NYSE:RY](#)) is Canada's largest bank. It has the most branches, the most assets, and the biggest loan book. It's also a master of catering to retail customers, owning the largest market share in the country.

Royal Bank has also expanded into the United States, with almost 100 branches and 1.4 million clients. It's one of the largest investment banks in North America, and has successfully paid dividends annually since 1870. That's a long time!

Royal Bank is also reasonably priced. Shares trade hands at just 11.5 times trailing earnings, and the dividend yield is an attractive 4.2%. That's a great price to pay for the best in the sector.

CATEGORY

1. Dividend Stocks
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3. Stocks for Beginners

TICKERS GLOBAL

1. NYSE:RY (Royal Bank of Canada)
2. NYSE:TU (TELUS)
3. TSX:EMP.A (Empire Company Limited)
4. TSX:RY (Royal Bank of Canada)
5. TSX:T (TELUS)

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