



Are You Winning in the Stock Market?

Description

When beginners start investing, they often think about making money. However, without a clear goal, how can they tell whether they succeeded or not? Obviously, making \$1 or even \$20 is not enough.

Here are some goals to determine if you're winning in the stock market or not.

Set goal for a 7-10% rate of return

I'm not suggesting that you're winning if you're getting a 7-10% rate of return. Instead, you should set your own return goal if total returns are what you're aiming for.

I'm using 7-10% returns as an example because the stock market tends to deliver long-term returns of 7-10%. So, some investors might set that as their goal. Each year investors should review the end result of their portfolio to see if they met that goal. If not, they should learn what they can do better in the next year.

For example, if you ended with a \$100,000 portfolio at the end of 2015, your 2016 goal would be to reach \$107,000-110,000, assuming you're not contributing new money.

New money needs to be viewed differently because it wasn't a part of the portfolio before. Moneychimp has a returns calculator. You provide it with your starting balance, ending balance, total contribution amount, total withdrawals, and dividends received. The tool calculates your annualized return rate.

You might decide to set a higher returns goal because you want to beat the market. So, instead of setting a goal of a 7-10% rate of return, you might set it to 10-15% instead.

Income goal of \$1,200

Dividends are more predictable than stock prices. So, you might be more comfortable with your investments if your goals are income oriented instead of total return oriented.

If you're new to investing, know that earning \$100 in monthly income is not far fetched. Assuming a 6%

portfolio yield, you'll only need \$20,000 invested. Assuming a 5% portfolio yield, you'll need \$24,000 invested. Assuming a 4% portfolio yield, you'll need \$30,000 invested. Usually, the higher the yield, the riskier the investment is.

So, what should you invest in?

H&R Real Estate Investment Trust ([TSX:HR.UN](#)), **Northview Apartment REIT** (TSX:NVU.UN), and **Dream Industrial Real Estate Invest Trst** ([TSX:DIR.UN](#)) are real estate investment trusts that yield 6.7-9.8%. They own, manage, and operate real estate properties and receive rent from them.

Brookfield Renewable Energy Partners LP ([TSX:BEP.UN](#))([NYSE:BEP](#)) operates primarily hydro and wind power facilities, and it yields 6.2% thanks to the strong U.S. dollar. In the next few months it should increase its distribution by 5-9% according to its past distribution growth pattern.

Brookfield Infrastructure Partners L.P. ([TSX:BIP.UN](#))([NYSE:BIP](#)) operates global infrastructure assets including railways, ports, toll roads, telecommunications and electricity transmission. The company yields 5.6% thanks to the strong U.S. dollar. In the next few months it should increase its distribution by 5-9% according to its past distribution growth pattern.

Assuming you're consistently saving and investing in quality companies, your diversified portfolio should generate passive income that can only grow higher year after year. Once you reach your first income goal target, set the next one higher.

Conclusion

Don't be afraid to assess your success or failure in investing. We cannot control macro events such as low oil prices and a weak economy, but we can choose the highest-quality companies to buy and improve our investment skills. A part of that process is to analyze what we're doing right and wrong.

CATEGORY

1. Bank Stocks
2. Dividend Stocks
3. Energy Stocks
4. Investing

POST TAG

1. Editor's Choice

TICKERS GLOBAL

1. NYSE:BEP (Brookfield Renewable Partners L.P.)
2. NYSE:BIP (Brookfield Infrastructure Partners L.P.)
3. TSX:BEP.UN (Brookfield Renewable Partners L.P.)
4. TSX:BIP.UN (Brookfield Infrastructure Partners L.P.)
5. TSX:DIR.UN (Dream Industrial REIT)
6. TSX:HR.UN (H&R Real Estate Investment Trust)

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