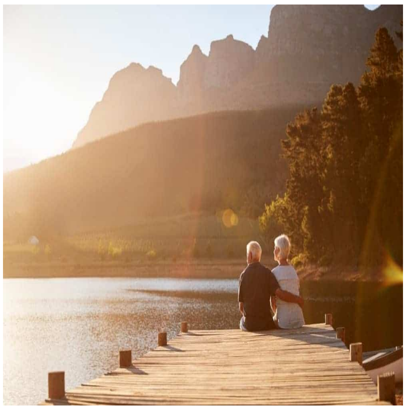

Beginner Investors: How to Retire Wealthy

Description

Depending on which financial TV show you're tuned into, you've probably heard some pretty bearish commentary from so-called pundits and economists that claim to know where the markets are headed next.

There are quite a few things to be worried about as an investor: the inverted yield curve, escalating trade tensions between the U.S. and China, hawkish commentary from the Fed, the Iran situation, a softening Canadian economy, Trump's market-moving tweets, Justin Trudeau's brown-face scandal and its potential implications going into the election, the Hong Kong protests, the Brexit ordeal, and so many more that I won't touch on in this piece.

Yes, there are plenty of uncertainties, but that's what investing is all about!

My goal is not to scare you out of the markets by listing a handful of items that have investors most worried. Rather, I want to remind investors that the more uncertainty there is, the more volatility, which means a less efficient stock market, leaving room for DIY stock pickers like you and me to beat the market.

While recession fears are high, the TSX continues to flirt with all-time highs, and it'll be the buyers on terror that'll come out on top once market sentiment suddenly reverses. In spite of all the uncertainties, the market remains robust. In a way, the markets want to roar higher but will need a push over the top.

While others focus solely on the negatives, like a potential earnings slowdown, and all the sort, it's the unexpected positives that could cause an unexpected market melt-up. And if you made a rash decision based on excessive negativity, you're going to miss out and likely have to buy back your stocks at much higher prices down the road.

As someone wise once said, successful investing isn't about timing the market; it's about time in the market. Nobody knows where we're headed next, and while it's tempting for beginner investors to try to outsmart Wall Street, acting on emotion seldom yields the desired results.

The best thing a newbie could do today is to tune out of the short-term-focused noise and focus on what truly matters: individual portfolios and discovering mispriced stocks.

If you want a properly balanced portfolio that considers the bull and bear sides of the coin, consider a covered call ETF like **BMO Canadian High Dividend Covered Call ETF** (TSX:ZWC), a basket of high-yield Canadian stocks with an impressive 6.4% distribution yield.

Through dynamic writing of covered call options, the ZWC is able to provide investors with a distribution yield that's larger than the sum of its constituents. The managers running the product screen the TSX for securities that possess above-average dividend growth, sustainability, and option liquidity, making for a stellar risk-parity investment with better-than-average downside protection without sacrificing much on the total returns (dividends + capital gains) front.

The ETF primarily consists of Canadian banks, insurers, pipeline plays, telecoms, and utilities, all of which have large, sustainable payouts. To give the distribution a boost, the covered call strategy trades off upside potential for premium income upfront, an excellent hedge in a market that's unsure of where it's headed next.

Foolish takeaway

As a new investor, your primary goal should be to stay invested and not scare yourself out of the markets by paying too much merit to shallow short-term market projections. Stick with a quality ETF like the ZWC.

Stay hungry. Stay Foolish.

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