



The Easiest Way You Can Invest Without Much Cash

Description

If you don't have a lot of knowledge about the stock market or even much cash for long-term savings, you can still build your own retirement portfolio. Canadian investors can look for [cheap, high-dividend stocks](#) to begin their investment journey.

The biggest hurdle to overcome when developing a retirement portfolio is diversifying without much starter cash. The best way to solve this problem is by finding positive cash flow companies offering high dividends.

Every investment strategy comes with risk, which is why those who try this out must understand that these purchases are long-term commitments. By taking a long-term view of your investments, you can reduce the commissions charged to your account and avoid capital losses.

If you are curious about what you should look for in stocks, here is an example of a decent stock to consider and one that you undoubtedly want to avoid.

Western Forest Products

Western Forest Products ([TSX:WEF](#)) is a cheap stock which issues to shareholders a healthy 7.14% dividend. An investor can purchase 100 shares of Western Forest for \$125 at the time of writing at \$1.25 per share. Aspiring retirees without a substantial nest egg can quickly diversify a portfolio with cheap stocks like Western Forest Products.

It is a positive cash flow corporation with a rising stock price. Western Forest plans to repurchase and cancel almost 19 million common shares, or 5% of its current outstanding shares before August 2020. The reduction in the supply of shares should appreciate the stock price.

Western not only harvests timber, but it also manufactures wood into value-added products that are perfect for building decking and fencing. The downside is that the demand for home-improvement products tends to fluctuate sharply with economic conditions. In the event of a recession, shareholders may see all of their initial investment into Western evaporate.

Lundin Mining

Lundin Mining ([TSX:LUN](#)) closed a 100% acquisition of a copper and gold mine in Brazil from **Yamana Gold** this year. The acquisition increased Lundin's copper mineral reserves by 50% this year.

Lundin issues a \$0.03 dividend per share at a market price of \$6.16 — amounting to a yield of around 1.95%. Canadian retirees can find stocks with less volatility than Lundin Mining. This stock [lacks considerable liquidity](#) even in the long run.

Over a five-year window, Canadian shareholders can expect their initial investment to either lose over 30% of its value or double, as it did between January 2016 and November 2017. It is best to avoid this stock because retirees don't know on which end of the spectrum Lundin Mining will be when they need to draw on the funds.

Foolish takeaway

Aspiring Canadian retirees without a lot of cash can quickly begin their retirement journey by finding a stock like Western Forest to pay out healthy dividends at regular intervals. These investments in a Tax-Free Savings Account or Registered-Retirement Savings Plan will grow your wealth over the long term under the best tax circumstances.

Most Canadians keep their savings in cash accounts rather than in stocks or even risk-free Government Insured Certificates (GICs). This savings strategy might be simple, but it also won't build your income for retirement. Try following the stock market today and see how easy it can be to create your own retirement portfolio — without the high fees and commissions a broker would charge.

CATEGORY

1. Dividend Stocks
2. Investing
3. Metals and Mining Stocks
4. Stocks for Beginners

TICKERS GLOBAL

1. TSX:LUN (Lundin Mining Corporation)
2. TSX:WEF (Western Forest Products Inc.)

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