Want to Start Investing? Here's the Easiest Way to Begin

Description

If you have decided to save some money and start investing, you are on the right path to achieve your financial goals.

Having the discipline to set aside funds every month to save and invest may not be easy at the start, but as your money begins to grow and compound, it will be a lot more rewarding.

Saving money is one thing, but sometimes getting started in investing can seem daunting. Luckily, in this day and age, it's very simple for investors who don't have a lot of time to research companies to begin investing.

The strategy is referred to as index investing, where you can buy one or more index funds that tracks a broad group of stocks.

In Canada, one of the most popular index exchange-traded funds (ETFs) you can buy is **iShares S&P/TSX 60 Index ETF** (TSX:XIU).

Index ETFs are ideal for investors, because they give you exposure to a number of stocks that you wouldn't otherwise be able to own, unless you had a large amount of funds to invest.

It also saves you on the major commission costs you would have to pay if you'd bought each of the stocks on their own.

One of the biggest advocates of index funds for beginner investors is Warren Buffett. Buffett has often said that index investing is the best development in financial markets for investors who don't have the time to stock pick, and given his investment strategy, buying and holding for the long term, it makes a lot of sense.

Like the name suggests, XIU gives investors exposure to the TSX 60 index. The TSX 60 is a group of 60 of the largest companies on the TSX index that represent 10 different sectors.

This gives investors quite a wide range of exposure and diversification, though you will still be largely exposed to the Canadian economy.

It's important to recognize that you are only really exposed to the Canadian economy, as you may want to consider other index ETFs in order to diversify yourself on a global basis.

Although index finds will almost always grow in the long run, certain indices can underperform others; for example, XIU underperformed a number of other world index funds during the period following the oil price collapse beginning in 2015.

Some of the top holdings in the fund consist of **Royal Bank of Canada**, **Enbridge** and **Canadian National Railway**.

Royal Bank of Canada, the largest bank in Canada, is the largest holding with roughly 7.85% of the fund's money. The banks make up a major portion of the top holdings, but because Royal is the largest, it has top spot in the fund.

The next-biggest non-bank holding in the fund is Enbridge, which is the third-largest holding and has roughly 5.6% of the fund's portfolio. Enbridge is a major energy infrastructure and pipeline company that's crucial to Canada and North America's economy, so it's no surprise to see it as one of the fund's top holdings.

The next largest non-bank holding is Canadian National Railway, which is the fifth largest and has about 4.5% of the portfolio. Similar to Enbridge, Canadian National is a massive company that operates at the heart of the Canadian economy, so investors will be happy to know they are getting a large chunk of exposure to such a high-quality company.

The rest of the fund is made up of more of the same: large, well-run companies that are crucial to the Canadian economy and that investors would naturally want exposure to.

By buying the fund, you expose yourself to all these companies and the investment performance of the index, which can earn you many times on your money if you buy for the long run and even pays a dividend that's often increased and yields approximately 2.85% today.

Since the fund re-balances its holdings itself, the investment is completely passive for investors. As long as you continue to save and invest for the long run, this top ETF will take care of the rest.

CATEGORY

1. Dividend Stocks
2. Investing
3. Stocks for Beginners

TICKERS GLOBAL

1. TSX:XIU (iShares S&P/TSX 60 Index ETF)

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