New to Investing? 3 Reasons Why RBC (TSX:RY) Stock Is a Fantastic Buy

Description

Are you new to investing? For outsiders, the understanding of the stock market is akin to wrapping your head around the concepts of quantum physics. But once you enter the market, things start making sense, and you learn to stack the deck in your favour.

default watermark

If you are a new investor who is nervous about stock selection, I would like to make one suggestion to you: add **Royal Bank of Canada** (TSX:RY)(NYSE:RY) to your portfolio. These are the reasons why I think this can give your investment career a good kickstart.

It is a Dividend Aristocrat

As a new investor, you must hold some Dividend Aristocrats in your investment portfolio. Stock experts agree that RBC stock is one of the top Dividend Aristocrats on the TSX. RBC has been paying dividends for more than 100 years.

The reason why RBC has succeeded in building and maintaining this reputation is its strict and conservative banking practices. Contrary to popular belief, a stock can witness steady growth, even if it sticks to the status quo and doesn't experiment too much. RCB can maintain the overvalued status of its stock, even with all the orthodox practices.

Suitable for your risk tolerance

New investors usually have lower risk tolerance. It is human nature to remain cautious while entering any new venture. So, there is nothing wrong with having lower risk tolerance. An investor can still make a fortune, even with lower risk tolerance.

RBC stock is a good match for a low-risk profile. In the last 12 months, its price has swung between $96.07 and $109.68. It has also witnessed 66.47% growth over the previous five years.

RBC has succeeded in keeping its stock volatility in check by relying more on the local operations.

Unlike other major Canadian banks, the significant chunk of RBC's revenue comes from within. This way, the bank is protecting its stock profile from the unpredictability of the international market.

The other evidence of RBC's safe and steady performance is the great recession of 2008. When many banks and financial institutes were filing for bankruptcy, RBC only witnessed a 19% decline in its earnings — a cut that many companies experience in regular fiscal years.

It can add a stream of income

RBC has a current dividend yield of 4.1%, which is quite healthy. **Canadian Imperial Bank of Commerce** offers a higher dividend payout than RBC. However, it can't match the steadiness, safety, and growth that RBC stock has witnessed over the years.

Summary

The unfailing dividend payout track record, along with stable growth and indemnity to the recession, makes Royal Bank of Canada one of the most reliable stock options. New investors who want to remain cautious with stock selection can invest in RBC without a worry.

default watermark

CATEGORY

1. Bank Stocks
2. Dividend Stocks
3. Investing

POST TAG

1. Editor's Choice

TICKERS GLOBAL

1. NYSE:RY (Royal Bank of Canada)
2. TSX:RY (Royal Bank of Canada)

PARTNER-FEEDS

1. Business Insider
2. Msn
3. Newscred
4. Sharewise
5. Yahoo CA

Category

1. Bank Stocks
2. Dividend Stocks
3. Investing

Tags

1. Editor's Choice

Date
2025/08/26
Date Created
2020/01/22
Author
jhoang

default watermark

default watermark