



Investing for the First Time? Buy Stocks Like This

Description

While bear markets can be scary, they're also ideal if you're investing for the first time. If you're willing to [buy-and-hold](#) for the long term, it's almost always a good time to jump in when markets dip. Just look at previous downturns. Markets rarely retest their former lows.

But buying stocks during a bear market isn't a recipe for success. You still need to know which *specific* stocks offer the most lucrative risk-reward scenarios. If you're buying stocks for the first time, stick with companies like the ones below.

Investing for the first time

If you want to increase the odds of your investing success, find companies with durable competitive advantages. Warren Buffett is famous for this type of investing.

Consider **Coca-Cola Co**, one of Buffett's most famous investments. The company has nearly 100% name recognition everywhere in the world, and owns one of the most valuable brands in history. A temporary economic downturn will do very little to destroy this strength. In many ways, it's a permanent advantage.

Few companies have a stronger, more durable advantage than **Enbridge Inc** ([TSX:ENB](#))([NYSE:ENB](#)).

Enbridge is the largest pipeline owner in North America. It transports around 20% of the continent's crude oil. The business model is akin to a toll road.

If fossil fuel producers want to transport their product to market, they often *need* to use a pipeline. Even when there are other options like truck or rail, these alternative are usually more expensive and dangerous.

In summary, pipelines occupy a key bottleneck in the oil production process. Oil producers really don't have a choice; they *must* use pipelines. And because pipelines cost billions to build and can take up to a decade to get online, existing operators have a pseudo-monopoly.

These advantages won't go away anytime soon given that the only firms with enough capital and expertise to build more pipelines are the existing incumbents like Enbridge.

Enbridge has a clear and durable [competitive advantage](#). Because of this, shares have risen at double-digit annual rates since 1995. This is an ideal pick if you're investing for the first time.

Be willing to wait

One of the best investing traits is patience. The market is fickle. Short-term fluctuations can rattle even the most experienced stock-picker. If you're investing for the first time, keep a long-term time horizon and be willing to outlast the noise.

The marijuana market is a perfect example of where patient investors can be greatly rewarded.

Consider **Cronos Group Inc** ([TSX:CRON](#))([NASDAQ:CRON](#)) stock. In 2018, shares rose by more than 500%. In 2019, however, the stock price was slashed by two-thirds.

Today, many investors have given up on the company. Some investors have fled the cannabis market altogether. Fear is a clear signal of opportunity.

Cronos will have no issue outlasting the current bear market. Last year, it raised billions in fresh cash through a deal with **Altria Group Inc** ([NYSE:MO](#)). It's one of the only pot stocks capable of investing throughout the downturn, with an opportunity to exit the crisis stronger than ever.

Many lesser-financed competitors may ultimately go bankrupt. When conditions normalize, Cronos can rapidly capture this abandoned market share.

When will the pot market rebound? Conditions could improve this summer, or perhaps next spring. Uncertain timing scares away many would-be investors. But if you can buy-and-hold, you can outlast the near-term volatility and be positioned to profit when tides turn.

You don't have to be a genius to profit in markets like this, you just need some patience. That's a trait you can acquire even if you're investing for the first time.

CATEGORY

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1. Cannabis

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1. NASDAQ:CRON (Cronos Group)
2. NYSE:ENB (Enbridge Inc.)
3. NYSE:MO (Altria Group, Inc.)
4. TSX:CRON (Cronos Group)
5. TSX:ENB (Enbridge Inc.)

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