# Investing Your 1st $1,000? Here Are 3 Stocks to Get Started

**Description**

Investing in stocks for the first time can be overwhelming. When I started my journey as an investor, I didn't have much help. However, books and articles like this helped me take the first step with confidence. Now, it's my chance to guide first-time investors as they enter the arena.

If you're investing for the first time ever, here are three stocks I would recommend you start with.



## Reliable investing

Of all the stocks on the Canadian stock exchange, utility giant **Fortis** (TSX:FTS)(NYSE:FTS) is perhaps the most reliable. Fortis produces and distributes electricity across Canada. It's an essential utility, which means its revenue is untethered to the rest of the economy. In other words, people pay their electricity bills, even when the economy enters a recession.

Throughout this recent crisis, Fortis stock has held up well. Year to date, the stock is down just 2.8% compared with double-digit losses for most other stocks. The company's earning power was just as robust. Fortis still offers a 3.66% dividend, despite the recent crisis. The company has expanded its dividend every year for the past five decades.

That's what makes Fortis an ideal stock for investing your first $1,000.

## Growth investing

If you have an appetite for greater risk, **Dollarama** (TSX:DOL) might be more suitable. Like Fortis, Dollarama's products are considered essential. Unlike Fortis, Dollarama's business model is based on price competition and aggressive expansion.

Dollarama has created wealth by being the most prolific and affordable dollar chain in the country. The stock has risen 1,300% since 2009. The company now has 1,300 stores across Canada, each generating an average of $3 million in revenue. As the company expands further, the stock could have further upside.

Much of the company's future growth could be overseas. Last year, the company bought a stake in Dollar City to expand in Latin America. That's an indication of the company's international ambitions.

If you're looking for an aggressive growth stock with solid fundamentals, Dollarama is a top pick.

## Passive investing

Investing in stocks doesn't need to be an active pursuit. Instead of spending the time researching companies and analyzing balance sheets, you could simply invest your $1,000 passively. Passive investing means buying all the best stocks on the market together.

The **iShares S&P/TSX 60 Index Fund** (TSX:XIU), for example, allows investors to buy a basket of the 60 largest companies in Canada.  The fund tracks the average performance of these companies and has delivered a remarkable 6.6% compounded annual return since its inception in 1990.



$1,000 invested in this fund in 1990 would be worth $6,803 today — not bad for a passive-investing strategy. Other index funds track the **S&P 500** or the **MSCI World Index** to offer international exposure. These passive funds are designed to buy and hold without much research or active management. That's what makes them ideal for beginners.

## Bottom line

Investing your first $1,000 doesn't need to be scary. I recommend starting with defensive companies with limited downside risk or a passive index fund. Stocks such as Dollarama, Fortis, or the iShares S&P/TSX 60 Index Fund are ideal for beginners.

**CATEGORY**

1. Investing

**TICKERS GLOBAL**

1. NYSE:FTS (Fortis Inc.)
2. TSX:DOL (Dollarama Inc.)
3. TSX:FTS (Fortis Inc.)
4. TSX:XIU (iShares S&P/TSX 60 Index ETF)

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