Canadian Stock Investing: 3 Ways to Keep it Simple

Description

It can be daunting to manage your own stock portfolio. How often should you check on it? When should you buy or sell stocks? Here are three ways to make stock investing easier.

Focus on the buying

Canadian stock investors can choose to buy stocks that they never sell. If you focus on buying stocks that you don't plan to ever sell, you'll save yourself from having to figure out when to sell.

It follows that your main actions to managing your portfolio are figuring out which stocks to buy and at what price ranges you would buy them at. Both will change over time, as the underlying businesses (hopefully) grow. And you'll need to decide how often you'll make the updates.

Which businesses are potential buy-and-hold stocks? They should be businesses that you have high conviction in becoming more and more valuable over time.

For example, many retirees hold **Fortis** (TSX:FTS)(NYSE:FTS) stock in their income portfolios. Some have received their *entire original investment* back from Fortis's dividends alone!

Fortis is one of the leading regulated utilities in North America. And it has become more diversified and valuable over time. Its long-term ascending stock price chart and increasing dividend for more than 40 years are concrete evidence.

By buying Fortis at a fair price now, you're pretty much guaranteed positive returns from its safe dividends and steadily rising stock price for the long haul.

Currently, Fortis stock yields 3.7%. Consider buying more shares (up to a certain allocation for your portfolio) whenever it yields 4% or greater.

Focus on the business

Business or economic news drives short-term stock movements. However, in the long run, stock prices are driven by the respective underlying businesses.

Therefore, don't focus on the stock price. Whenever the prices of the stocks you're interested in make big moves, assess the real impacts on the business. If it's a big move down, determine if there's real damage to the business. If it's caused by a temporary issue, then it could be a buying opportunity.

For instance, the 2020 pandemic market crash triggered stocks to fall off a cliff. Fortis stock fell to as low as $40 per share then. You didn't need to buy it at the very bottom to make good returns from the quality company. In fact, it'd be impossible to try and time the bottom. So, next time there's a market correction, remember that buying quality stocks at *a low* will suffice.

Invest in your TFSA or RRSP

Tax reporting for your investments takes work. The good news is that you don't need to report taxes on your TFSA or RRSP investments, including stocks.

Consider investing in your TFSA first whenever possible. If you buy and hold Canadian stocks like Fortis in your TFSA, all dividends received will be tax free. And if you ever sell stocks, the booked gains will also be tax free.

Notably, it might make sense to invest in the RRSP first if you're in a high tax bracket, which will allow you to save income taxes and grow your investments in a tax-deferred environment.

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