



3 Mistakes Investors Make When Buying TSX Stocks

Description

We all make mistakes. It's part of being human. But when it comes to investing, those mistakes can cost you money. So make sure you're not falling into any of these traps when investing in **TSX** stocks. You work hard for your money, so keep it safe, and keep your returns high!

Start investing in TSX stocks now

A lot of younger investors wait until they have enough cash to start investing in TSX stocks. However, even if you only have a few bucks to your name available to invest, that's better than nothing! If you've done your budget, calculated your necessities, and all you have to invest is \$10 a month? That can still be worth a lot down the line.

Let's play that one out as an example. You don't even have to choose a risky stock to see [massive returns](#). You put \$10 aside each month for a year. That's \$120. You invest it in a stock like **Algonquin Power & Utilities Corp.** ([TSX:AQN](#))([NYSE:AQN](#)). It's a safe utility stock with renewable energy assets that should continue to see the 20% compound annual growth rate it's seen the last decade. It also offers a 3.87% dividend yield that's grown at 28% in that time.

That \$120 investment can turn into \$22,174.13 if you invested that \$120 and reinvested dividends without adding another penny of your own money. All it takes is investing and leaving it alone for 20 years at current levels. So never say you don't have enough to invest!

Watch the fees

You found a great exchange-traded fund (ETF) and you're ready to invest — but wait! You see your returns and dividends come in each month, but money's missing. That comes down to fees. Ignoring management fees means again you're losing cash. So by doing a little more research to find a comparable ETF with lower fees, you can save your returns!

A great example is comparing the **iShares S&P/TSX 60 Index ETF** ([TSX:XIU](#)) to **Horizons S&P/TSX 60 Index ETF**

([TSX:HXT](#)). On the one hand, iShares has a management fee of 0.15% which would mean for every share you buy you pay 0.15% towards the company. On the other you have Horizons, which pays a 0.07% management fee! So you've cut your fee by more than half. Each offer the top 60 stocks on the **S&P/TSX Composite Index**, all it comes down to is the fees. So do your research!

Find long-term holds

[Warren Buffett](#) once said, "If you're not willing to hold a stock for 10 years, don't even think about owning it for 10 minutes."

Use this as guidance for all your investments. That goes for young people looking to make money over decades, but also for retirees! Sure, you might be close to retirement, but you have your whole life ahead of you! So make investments not by how much you'll make a year from now, but decades from now.

If you're new to investing, young or old some of the best stocks are the Big Six Banks. **Toronto-Dominion Bank** ([TSX:TD](#))([NYSE:TD](#)) in particular offers not just strong shares and balance sheet, but growth. The company has been expanding at a rapid pace into the United States and its online presence. It offers a lower share price compared to its peers, and a dividend yield of 3.76% as of writing. The bank has 166 years of growth behind it, so if there's any stock you'll want long term it's one like TD bank.

Let's look at the last two decades for an example. If you invested \$10,000 in TD stock back in 2001 that would have bought you 500 shares. You then sold it in 2011 and made \$21,000. Great! But if you had held on for another decade, today those 500 shares would be worth \$42,500! Time is money, quite literally in this sense.

Bottom line

Don't make these mistakes. Make smart investments and hold onto them for years. Watch the fees, invest what you can, and hold onto those stocks as long as possible. In the end you'll be thrilled you did.

CATEGORY

1. Investing
2. Personal Finance
3. Stocks for Beginners

TICKERS GLOBAL

1. NYSE:AQN (Algonquin Power & Utilities Corp.)
2. NYSE:TD (The Toronto-Dominion Bank)
3. TSX:AQN (Algonquin Power & Utilities Corp.)
4. TSX:HXT (Horizons S&p/tsx 60 Index ETF)
5. TSX:TD (The Toronto-Dominion Bank)
6. TSX:XIU (iShares S&P/TSX 60 Index ETF)

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