



Income Investors: Start Investing With \$50 at a \$0 Trading Cost!

Description

You might recall the days when there were bank ads about investing as little as \$50 each month in mutual funds. Now you can invest in stocks, ETFs, and index funds [with \\$50 or less for a \\$0 trading cost!](#)

Specifically, you can invest as much or as little as you like for each [commission-free trade at Wealthsimple](#), as long as the amount covers one share or more of what you're buying.

For instance, if you like **Enbridge** stock for its 6.7% yield, you can buy one share for less than \$50, as the stock trades at \$49.97 per share at writing.

Previously, because of trading fees, it took at least a \$10,000 portfolio spread equally across 10 stocks with little correlation for a portfolio to be diversified. Or new investors [started investing](#) with mutual funds and ETFs to ensure sufficient diversity.

Now, there's the option for income investors to start a diversified dividend portfolio from day one with little money. And they are free to buy more shares to average into their position every day if they wanted to, because it's free to trade!

Income investors should start with TSX stocks

Canadian income investors will want to start with **TSX** stocks — that is, no U.S. stocks or stocks from the **TSX Venture Exchange** (TSXV).

Wealthsimple, like any other trading platform, charges a foreign exchange fee. Its fee is already low at 1.5% compared with other platforms, but it's still a fee nonetheless. To keep as much money in your pocket working hard for you, it would be smart to buy TSX dividend stocks to build the scale of your portfolio. All dividends received can be pooled with your monthly contributions to be invested manually.

The TSXV is a public venture capital marketplace for emerging companies. So, the stocks there are higher risk than the more established companies on the TSX. Therefore, the dividends paid by TSXV

stocks could also be riskier. Although some do graduate from the TSXV to the TSX (sometimes with explosive growth), one can only guess which ones will be winners.

\$0 cost gives you ultimate flexibility

Since it costs \$0 to trade, you have the ultimate flexibility to build your portfolio by making small investments. Here's what I suggest you do.

Identify wonderful businesses you want to own, ensuring it's a diversified portfolio of stocks to generate a secure income in any market. Consider these industries or sectors: bank, insurance, telecom, REIT, technology, healthcare, utility, etc.

Because you can invest in small amounts, you never need to force yourself to buy any stocks immediately. The market will always provide buying opportunities for patient investors. So, you can first invest in [dividend stocks](#) that are trading at good valuations to get your juicy passive income started. Then, wait for "buy-the-dip" opportunities in the other ones.

Because it's commission-free to trade, you might even be more relaxed with the stock valuation. So, you might buy stocks that are fairly valued or better. Other than Enbridge, **Fortis**, **Bank of Nova Scotia**, **TELUS**, and **H&R REIT** are also safe dividend stocks that are at least fairly valued.

The Foolish takeaway

Costing \$0 to trade, investors can easily invest in great stocks every month by putting excess cash into wonderful businesses. It would be like saving money in a piggy bank, except the expected long-term returns and income-generation potential are much greater.

CATEGORY

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