



Starting a Portfolio? 2 Proven Canadian Stocks for Beginner Investors

Description

For beginner investors, the world of do-it-yourself (DIY) investing can be intimidating, especially with all the talking heads on TV these days. You don't have to be well-versed in options, meme stocks, or near-term trading to [create meaningful wealth](#) over time. What you need is a long-term time horizon and the temperament to stay out of your way as your investments do their thing.

You don't need to jump in and out of stocks daily or weekly to beat the market. In fact, less is more in the world of investing. Just ask billionaire investment legend Charlie Munger, who buys shares of companies he deems as undervalued and hangs onto them for many years at a time.

Beginners should seek to keep it simple with their first stock picks

In this piece, we'll have two starter stocks for Canadian [beginner](#) investors looking to buy their DIY portfolio's first stocks. For beginner stocks, I like to look to proven businesses with many decades of proven outperformance. Moreover, I'd insist on moats that are wide enough to protect their slice of market share for many years, if not decades.

While meme stocks like **BlackBerry** or cryptocurrencies like Bitcoin may lure investors into the DIY investing world, I'd urge investors to stick with simple businesses that are easier to evaluate. For beginners, the simpler a firm's business model and the less reliant it is on the state of the broader economy, the better.

Consider **Fortis** ([TSX:FTS](#))([NYSE:FTS](#)) and **Emera** ([TSX:EMA](#)), two wonderful businesses that you can feel comfortable owning in your sleep, unlike Bitcoin and other cryptocurrencies, which tend to fluctuate wildly on the weekend and at night!

Fortis: A boring bond proxy that beats any fixed-income debt security

You're not going to be checking a stable utility play like Fortis minute by minute or day by day.

Pending a market-wide meltdown, Fortis isn't a name that's going to be up for down by a significant amount. The company's highly regulated business makes for an incredibly secure dividend that's slated to grow at a predictable amount on an annualized basis. It's not a mystery as to why retirees and fully-invested bears love the stock so much. It's like a bond that actually gets better, not worse, every year that goes by!

I view Fortis not as a boring retiree stock but as a means to dampen volatility as it comes along. The second half of 2021 could be very choppy, as the U.S. Fed hints at rate hikes while the coronavirus threatens to send us right back into lockdown.

Undoubtedly, Fortis is the defensive play you'll want to own in today's somewhat expensive and ridiculously unpredictable environment. Right now, the price of admission is low, with shares back at mid-2019 prices.

Emera: A low-volume bond proxy in a nutshell

Emera is another highly regulated utility that's pretty Fortis-like. The stock has a 0.23 beta, meaning shares tend to zig when Mr. Market zags. Although the stock is still susceptible to major downside in a cash-crunching market crash, like Fortis is, odds are that shares will fall far less than your average TSX stock.

The main attraction to Emera is its bountiful dividend, which currently yields 4.5%. Yes, Emera doesn't have the biggest dividend, but in terms of stability and long-term dividend-growth potential, I'd argue that Emera has one of the highest-quality payouts out there. And for that reason, the name is popular with retirees who can't afford to take on too much risk.

Emera is a great starter stock for its lower volatility, its bountiful payout, and its steady appreciation over the extremely long term.

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1. Dividend Stocks
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TICKERS GLOBAL

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2. TSX:EMA (Emera Incorporated)
3. TSX:FTS (Fortis Inc.)

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