



## New to Investing? Here Are 4 TSX Starter Stocks for Your Portfolio

### Description

Investing in the **TSX** stock market can be a daunting task. Financial lingo, ratios, and technical analysis can confuse [a new investor](#). But if you consider a stock as a share in a business, the concept of investing is simplified. Simply look for businesses that you appreciate because they bring value to you or society at large.

### Buy what you like and what you use everyday

Great investors, like Peter Lynch, have long advocated that retail investors can outperform professional money managers by simply buying stocks in businesses we see every day.

Look at the success of **Apple**, **Nike**, **Microsoft**, or **Lululemon** for evidence of this. Sometimes these businesses can also be in areas that you don't think about, such as those that provide your electricity, natural gas, broadband internet, or even work software.

If you are a new investor and want to invest in a mix of TSX growth, value, and income stocks, here are four to put on your radar.

### A leading TSX growth stock

On any major pullback, **Constellation Software** ([TSX:CSU](#)), has rewarded [TSX stock investors looking for growth](#). Right now, it is not cheap. It has been having a pretty favourable recovery out of the pandemic. Yet if the market does correct in the next few months, this is one to add to your portfolio.

This TSX stock is a capital compounding machine. Constellation acquires niche vertical market software businesses, turns them into market leaders, and then yields years of free cash flow.

It takes that cash flow and then reinvests it at high rates of return in other software businesses. This company has some of the best managers and capital allocators in the world.

## An up-and-coming growth stock

Constellation's growth rate may slow to some extent into the future. Therefore, investors could also consider investing in a recent spin-out from Constellation called **Topicus.com** ([TSXV:TOI](#)).

It is essentially replicating Constellation's business model, but with a focus explicitly in Europe. European business owners have a very unique operating mindset from that of North America. However, Topicus.com's de-centralized management model could prove very attractive to entrepreneurs that want to sell their businesses.

As opposed to Constellation, Topicus.com has an intriguing organic growth part to its business. It has ample room to expand in Europe. Combine organic and acquisition growth, and this TSX venture stock may even outperform its parent company over time.

## A top TSX value stock

Speaking about capital allocators, **Brookfield Asset Management** (TSX:BAM.A)([NYSE:BAM](#)) has a proven track record of strong shareholder returns. This TSX value stock focuses on investing money into alternative hard assets like infrastructure, [real estate](#), alternative energy, and private businesses. In addition, it just spun-out a re-insurance business, which will be one to watch as well.

Since 2017, it has been growing fee-related earnings by a 22% compounded annual growth rate. Likewise, in that time, it has rapidly expanded assets under management (AUM) from \$245 billion to nearly \$610 billion.

With interest rates expected to stay lower for longer, it is not unforeseeable that Brookfield could hit \$1 trillion of AUM pretty soon. All that means more earnings from fees and carried interest, which bodes well for future shareholder returns.

## A top income stock

For a TSX income stock, let us look at one of Brookfield's subsidiaries: **Brookfield Infrastructure Partners** ([TSX:BIP.UN](#))([NYSE:BIP](#)). Like its parent, it has a diverse set of essential assets. These include ports, railroads, pipelines, cell towers, data centres, and regulated transmission lines. Infrastructure assets produce stable, largely regulated or contracted streams of cash flow.

Brookfield's assets benefit when economies are in recovery mode (like they are today). It garners higher margins from strong export/transportation volumes. Likewise, 75% of its assets have inflation-linked contracts.

Basically, when economies are strong, its business grows. When economies are weak, its downside is protected by take-or-pay/regulated contracts. Today, this TSX stock pays a 3.7% dividend, but it is a great dividend-growth stock to own for the long run.

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2. NYSE:BN (Brookfield Corporation)
3. TSX:BIP.UN (Brookfield Infrastructure Partners L.P.)
4. TSX:BN (Brookfield)
5. TSX:CSU (Constellation Software Inc.)
6. TSXV:TOI (Topicus.Com Inc.)

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