



New Investor? Here Are 3 Great Starter Stocks to Consider

Description

Although investing is a very important thing to do in life, it's not actually very easy. First of all, there is so much information out there that new investors are sure to get overwhelmed. Second, once you digest the information required to understand how the market works, you're left having to construct a portfolio with no formal training. In this article, I'll try to help push new investors in the right direction. I'll discuss three great starter stocks you should consider.

Start with a leader in an emerging industry

The first type of company you should include in your portfolio is one that has the potential to generate high returns over the long term. To find such a company, investors should look at those that lead important and emerging industries. **Shopify** ([TSX:SHOP](#))([NYSE:SHOP](#)) is an excellent example of this type of company. It is a global leader in the e-commerce industry, providing merchants of all sizes with a platform and all the tools necessary to operate online stores.

Led by its founder, Tobi Lütke, Shopify has grown from being a small Canadian startup to one of the most influential companies in the world. Currently, it holds the [second-largest share](#) of the massive American online retail market. As e-commerce continues to increase its penetration of the retail industry, expect Shopify to be [a major beneficiary](#). The company has already managed to lock in large-cap companies like **Netflix** as a customer.

Choose companies you're familiar with

Once you've got a nice growth stock to build your portfolio around, you'll want to support it with solid dividend stocks. The reason this is a good idea is because dividend stocks tend to provide more stability during downturns. As a result, you'll be able to minimize losses should a crash occur. In Canada, many of the most established companies offer dividends to their shareholders. One way to choose a dividend company to include in your portfolio is to think of the companies you rely on regularly.

For example, many Canadians depend on **TD Bank** for all their financial needs. Founded in 1855, TD Bank has been a staple within the country for over a century and a half. Currently, TD Bank offers an attractive forward dividend yield of 3.69%. It is also a Canadian Dividend Aristocrat, having increased its dividend in each of the past 10 years. Canadians have good reason to believe the company will be able to continue increasing its dividend in the future, given its low payout ratio of 40.7%.

Allocate a small portion of your portfolio towards hyper-growth companies

Finally, investors should consider allocating a small portion of their portfolios towards high-growth companies. To quote legendary investor Tom Engle, "If this company is the next great growth stock, a little is all I need. If it's not, a little is all I want." The essence of that phrase states that if these hyper-growth companies really become what investors expect them to be, you won't need a lot invested to see massive gains. Likewise, if the company ends up failing, you don't want to lose a large portion of your portfolio.

An example of such a company is **WELL Health Technologies** ([TSX:WELL](#)). It is a leader within the Canadian telehealth industry. WELL Health operates primary health clinics and develops and licenses software to other healthcare providers. Over the past year, WELL Health has managed to break out of the Canadian market and into the massive American healthcare industry. This provides the company with massive sources of revenue.

The telehealth market is forecasted to grow at a CAGR of 26.5% from 2021 to 2026. If that happens, watch for WELL Health stock to grow exponentially over that period.

CATEGORY

1. Investing
2. Stocks for Beginners

TICKERS GLOBAL

1. NYSE:SHOP (Shopify Inc.)
2. TSX:SHOP (Shopify Inc.)
3. TSX:WELL (WELL Health Technologies Corp.)

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Quote Media
6. Sharewise
7. Smart News
8. Yahoo CA

PP NOTIFY USER

1. jedlloren
2. kduncombe

Category

1. Investing
2. Stocks for Beginners

Date

2025/09/12

Date Created

2021/08/27

Author

jedlloren

default watermark

default watermark