



## New to Investing? 3 Simple Tips for Stock Investing Success!

### Description

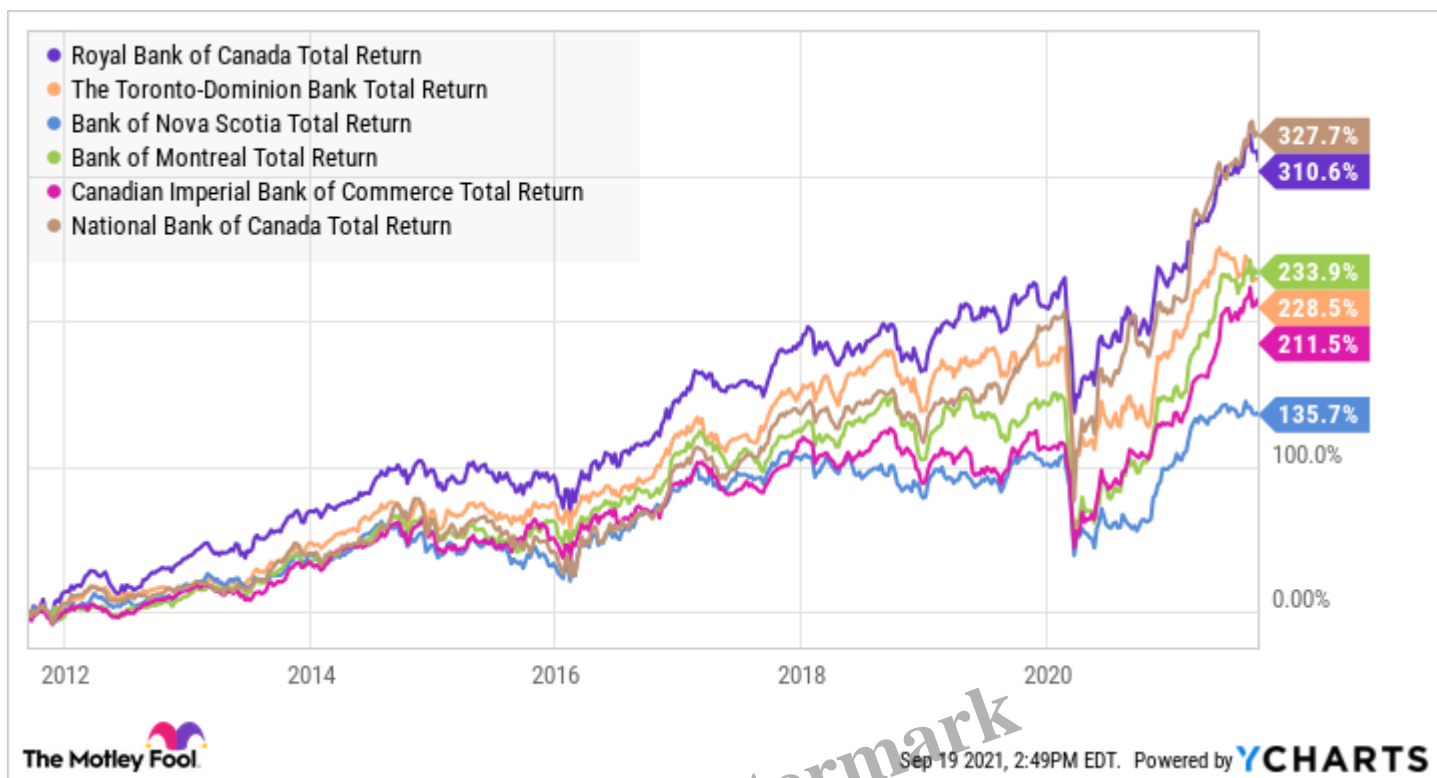
If you're just [starting investing](#), it will be overwhelming. There's an overload of best stock investing ideas. Moreover, different kinds of stocks require different investing mindsets, which makes investing all the more confusing.

Take a deep breath. Start simple.

### What should your first stocks be?

As a beginner in stock investing, start researching stocks that are easy to understand. Each stock is driven by an underlying business. Start with businesses that you have direct contact with.

For example, you probably use one or more of the big Canadian banks. They have paid dividends for many years and therefore serve as core components of many dividend stock portfolios. In the last 10 years, **National Bank of Canada** and **Royal Bank of Canada** have been the best performers in terms of total returns. So, you might consider loading up on these bank stocks during market corrections.



Total Return Level data by YCharts.

Maybe you pay **Fortis** every month for the essential utility services it provides. Fortis stock has one of the longest dividend-growth streaks on the **TSX**. Fortis investors can look forward to more consistent dividend increases every year. The dividend stock is not cheap now. So, look for a dip in the stock if you're interested.

Perhaps you subscribe to **Amazon** Prime or are a frequent buyer on its e-commerce platform. The growth stock has been consolidating since mid-2020 and now trades at a [discounted valuation](#), which makes it a great buy for long-term investment.

## Pay yourself first

Buying quality stocks like the ones introduced is a good start. However, it's not just about what you're buying and how much you're paying. Saving and investing regularly is just as crucial.

Imagine you just invested \$1,000 each in National Bank, Fortis, and Amazon. Let's say you get an average total return of 9% per year across the \$3,000 investment over the next 10 years. You'll arrive at \$7,102 at the end of the period.

But what if you save and invest \$250/month (\$3,000/year) on top of the original \$3,000 investment? You'll arrive at \$52,680 in a decade.

While paying your bills, it's critical to pay yourself before your discretionary spending. The savings and investing in the early years will contribute greatly to your wealth down the road. The more you can save and invest early on, the better!

## How do you define stock investing success?

What are the goals of your stock portfolio? Everyone aims to make money through investing. It'll help if you have more specific financial goals.

If income is what you want, focus on income safety and income growth. You can aim to use your dividends to replace your bills. Start small by aiming to earn \$50 of dividends a month, then \$100/month, and go from there.

If achieving a certain monetary value like \$1,000,000 is your goal, focus on total returns. Again, start small by aiming to reach \$5,000, then \$10,000, and go from there.

Keep track of the individual stock performance as well as your stock portfolio's performance as a whole so you would know if you're doing fine or need to review your strategy. Record your results annually, but observe the results over at least an economic cycle.

For instance, Amazon stock has delivered average returns of about 33% over the last five years and about 32% over the last 10. Over the next five years, +15%-per-year returns are possible. If materialized, AMZN stock would outperform the long-term average market returns of 10% per year.

## The Foolish investor takeaway

When you start investing, take small steps. Save and invest regularly starting with businesses you understand. As you learn, you can expand your investing universe across more stocks that you expect to achieve your financial goals. Make interim goals that will lead to your ultimate financial goal. Track your progress and make changes as needed.

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