



## New Investors: Are You Stock Investing or Gambling?

### Description

*The Wolf on Wall Street*, which starred Leonardo DiCaprio as one of the main characters, just came across my screen on **Netflix** as a trending top-seven movie. I already watched it eight years ago in the theatres, so I'm not looking for another three-hour seating. However, I watched some of it to get inspiration for an article.

At the start of the movie, it used the jungle as an analogy for Wall Street. That could be interpreted as people relying on their instincts or that when it comes to stocks, it's a world of eating or being eaten. In the movie, DiCaprio was a stockbroker who sold pink sheet penny stocks to regular folks for a whopping 50% commission.

Thankfully, stock investing can be exciting with managed risks. [If you're just starting investing](#), know that you don't have to gamble on penny stocks or be speculative and still make good money.

Investing in the right stocks at the right prices and having a long-term investment horizon would put the odds in your favour. If you were an animal in the ruthless jungle of the stock market, you would be one with armour.

## Buy the right stocks at the right prices

New investors may be better off starting investing in solid businesses that have a track record of paying safe dividends. You can look up the Canadian Dividend Aristocrat list for ideas. If you're saving a good portion of your paycheck diligently for quality dividend stocks, you can get a nice dividend stream set up swiftly.

[Toronto-Dominion Bank](#) offers a decent 3.8% yield, and **Enbridge** yields 6.6%. Both are trading at reasonable valuations. So, if you don't own any shares, you can buy some immediately. When they pay their quarterly dividends, you can pool the money with your regular savings to make new purchases.

After you're happy with your nice-yielding passive-income stream, feel free to consider low-yielding but

higher growth stocks on the Canadian Dividend Aristocrat list. Right now, **Alimentation Couche-Tard** and **Enghouse Systems** appear to be good buys.

Because this is an article for new investors, I specifically chose stocks that tend to generate stable earnings through business cycles. Please perform due diligence on them, so you would be comfortable should the stocks fall substantially in a downturn but their long-term fundamentals remain robust.

## Have a long-term investment horizon

When you have a long-term investment horizon, it means you can sit through market and economic turmoil. If you built a portfolio of quality stocks and bought them at good valuations, you should be confident that the underlying, quality businesses will become more valuable over time and allow you to achieve your financial goals.

In fact, if you're a young investor with an investment horizon of perhaps decades, you should rejoice when a tropical storm hits the jungle (I mean, when the bear terrorizes the stock market).

That's because in this harsh environment, you would find the quality stocks in your portfolio trading at discounted valuations, and you can scoop up more shares on the cheap for greater income and long-term returns.

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