



Top 3 Canadian Stocks to Buy As a Beginner Investor

Description

Every investor in Canadian stocks has to [start](#) somewhere. The stock market is volatile and it is almost impossible to time when is best to invest in stocks. Hence, a great way to compound wealth is to save regularly and invest regularly.

The key to investing successfully is to ideally purchase stocks in companies you admire. Second, make sure they have strong balance sheets, capable and invested managers, foreseeable growth, and long-term favourable industry/market trends.

Then, simply let the investments do the work (or the compounding) for you. Some will work, some may not. Yet, over long periods of time, the winners will generally far outweigh the losers. With a long-term investment mindset, here are three Canadian stocks I would buy if I was just beginning my investing journey.

A foundational Canadian stock

If you don't have a large portfolio, **Brookfield Asset Management** (TSX:BAM.A)([NYSE:BAM](#)) is a good supplement. As one of the world's largest alternative managers, its portfolio expands across renewable power, real estate, infrastructure, private equity, insurance, and specialty debt. An investor in BAM already captures a diversified asset portfolio, which helps mitigate volatility and risk to some extent.

While this Canadian stock has a market cap of \$107 billion, it still has ample room to grow. In fact, as it grows in scale, it has larger opportunities to [expand solutions](#) for its institutional clients' specialized needs.

That all means assets under management (and fee-bearing capital) are set to rise. In fact, at the low end of its expectations, management hopes to double its intrinsic value in as little as five years. For solid, risk-adjusted returns for the long run, this is a fantastic, high-quality Canadian stock to own.

A defensive income stock

If you are worried about market volatility, a very defensive Canadian stock to own is **Fortis** ([TSX:FTS](#))([NYSE:FTS](#)). While this is not an exciting stock by any means, it's a good one to own for a reliable mix of [steady dividend](#) and capital returns.

Fortis operates a very large portfolio of electric and natural gas transmission assets across North America. Nearly all of its assets are regulated, so it captures a predictable stream of baseline cash flow, enabling it to consistently and predictably pay its dividend.

With concerns about climate change rising, decarbonization and electrification of society will be key issues to address. Fortis could be a significant beneficiary of this theme.

Currently, it is investing heavily to grow its infrastructure and rate base. Today, Fortis expects to grow cash flows by around 6% every year for the next four years. This Canadian stock pays a nice 3.6% dividend, which will likely compound at the same growth rate as well.

A Canadian growth stock

If you wish to add a little bit of growth to your portfolio mix, **TELUS International** ([TSX:TIXT](#))([NYSE:TIXT](#)) could be a good Canadian stock pick. This stock was IPO'd early this year. Of course, being a newly public company, the market is still digesting TIXT's business model. However, so far, so good.

TIXT has been growing revenues and adjusted earnings before interest tax and depreciation (adjusted EBITDA) annually by between 30% and 40% per year. This Canadian tech stock is profitable and produces decent free cash flows as well.

As society and corporations continue to digitize, demand for TIXT's solutions in artificial intelligence, data analysis, digital customer experience, and the cloud should continue to rise. The company already has contracts with some of the world's largest tech companies (Google is one of its largest customers).

This **TSX** stock does have some debt, but it is using its strong free cash flow generation to consistently reduce leverage. All in, it is an exciting Canadian growth stock to buy and hold for the coming digital era.

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3. NYSE:TIXT (Telus International)
4. TSX:BN (Brookfield)

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Author

robbybrown

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