



Getting Started in the Stock Market? Here Are 3 Investments You Shouldn't Miss

Description

Your first days as an investor in the stock market can be very exciting. You realize there are a plethora of companies that you can invest in, each providing their own reasons why you should hold it in your portfolio. However, for that same reason, it can also be very daunting. As a new investor, you're thrust into the thick of things with little help, for the most part. Odds are, there are many solid companies that you could end up missing. Therefore, in this article, I'll discuss three investments you shouldn't miss as a new investor.

Start with a basket of companies

I'm very hesitant to suggest that brand-new investors start putting large amounts of capital towards individual companies. Instead, it would be wise to target exchange-traded funds (ETFs). These are essentially baskets of companies, decided upon by the issuing investment firm, that spread out your risk across a larger number of entities. This would be an excellent first investment for anyone looking to gain exposure to the stock market. It allows you to dip your toe into the market and get used to the day-to-day volatility while continuing to do research on companies that interest you.

ETFs come in all shapes and sizes. These investment vehicles often track an index, allowing fund managers to charge lower fees. An example would be **iShares S&P/TSX 60 Index ETF** ([TSX:XIU](#)). As its name suggests, this ETF tracks the performance of the companies listed on the **S&P/TSX 60**. Because that index tracks leading companies in leading industries within Canada, it can be seen as a safer option. Since inception, iShares [S&P/TSX 60 Index ETF](#) has generated an annualized return of 7.64%.

Choose a blue-chip growth stock

If you're set on adding individual companies, it would be wise to stick with blue-chip stocks. These are stocks of companies that have proven themselves in the stock market. Although blue-chip companies tend to be large entities, don't think there isn't growth to be found among them. **Shopify** ([TSX:SHOP](#))([NYSE:SHOP](#)) is an excellent example of a blue-chip stock that could still produce massive amounts of

wealth for investors over the long term.

Shopify is a leading enabler of the rapidly growing e-commerce industry. The company provides businesses of all sizes with a platform and all the tools necessary to operate online stores. Shopify's mission to "make commerce better for everyone" is evident in its inclusive platform. The company offers a wide range of solutions appropriate for any merchant, whether you're a first-time entrepreneur or a large-cap company. Shopify is already the largest company in Canada (by market cap), but don't think its [best days of growth](#) are behind it just yet.

Invest in what you know

If you're looking to add more companies, it would be a good idea to stick with the companies you're familiar with. Legendary investor Peter Lynch lived by three basic investing tenants: only buy what you understand; always do your homework; and invest for the long run. You can check off all three of these boxes by looking around you and finding the companies that you interact with on a daily basis.

For example, if you're a customer of **Bank of Nova Scotia** ([TSX:BNS](#))([NYSE:BNS](#)), you should already know how the bank makes money and what its basic business model is. From there, it wouldn't take too long to dive into the company's management and financials to see if it lines up with your values. Personally, I believe Bank of Nova Scotia is an excellent company to invest in. It's known as a Canadian Dividend Aristocrat after having increased its dividend for the past nine years. If it seems like a stock suitable for your portfolio, holding it over the long term will increase your chances of producing excellent returns.

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2. NYSE:SHOP (Shopify Inc.)
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4. TSX:SHOP (Shopify Inc.)
5. TSX:XIU (iShares S&P/TSX 60 Index ETF)

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