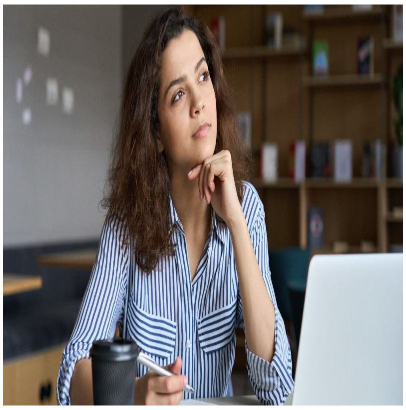

2022 Might Be the Best Year to Be a New Investor: Here's Why

Description

We're almost one-fourth of the way through 2022, and so far, it's shaping out to be another wild ride for stock investors. Inflation, the war in Ukraine, interest rate hikes, trucker blockages, a pandemic that doesn't seem to quit — at this point, it seems like the universe is just throwing everything it has at the stock market.

And, yes, the stock market will likely get a bit frothy — so frothy, in fact, that it might turn off new investors. But don't be fooled: if you're a new investor, 2022 is probably the best year to start investing. Here's why.

High-quality stocks are on sale

It's no secret: great stocks, especially tech stocks, have taken a beating. Though some stocks are doing better than others (with Canada as a whole faring better than other markets), most stocks have seen their values drop since the beginning of the year.

For new investors, that might seem scary. After all, why would you want to buy stocks that are losing value? But for long-term investors, that is, those who employ a buy-and-hold strategy, the 2022 market downturn is like finding gold under the rainbow.

If you start investing now, you could gobble up great stocks at a discount. The keyword there is *great*. You still want to evaluate stocks to be sure they're worth buying. But if you have stocks on your wish list, stocks you've always wanted to buy but never had the money, now might be the best time to buy shares.

As long as you're buying stocks and holding them for the long term, the stocks you buy this year will likely return to their previous values. It might be gradual (don't expect it to happen overnight). But, eventually, you could double or triple your portfolio's value simply by buying discounted stocks.

You can still invest in the broad market

If picking stocks in volatile times makes you nervous, that doesn’t mean you have to exit the stock market. You can invest your money in funds, like index funds or ETFs, both of which track a broader market.

A fund is basically a basket of stocks. When you buy a share of a fund, you spread your money across numerous companies. That’s help diversify your holding, which could prevent your portfolio from tanking in a major market downturn. While the value of the fund might fall, it’s likely not going to tank as fast as an individual stock.

Index funds and ETFs are both funds, but they’re slightly different in how they trade. ETFs trade on exchanges like stocks: you can sell your shares during trading hours, and you typically know the price you can sell it for. Index funds, however, don’t trade like stocks. If you want to sell your shares, you have to wait until the market closes before your shares are sold.

Invest for the long term

As a new investor, you shouldn’t concern yourself with short-term volatility. What happens this year might feel scary, but when contextualized — when considered with the next, I don’t know, *30* years of your life — it should start to feel small.

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