3 Perfect Buys for Novice Investors

Description

No stock is a 100% foolproof or risk-free investment. There are some inherent risks that no stock is immune to, and even the most financially stable companies cannot withstand certain market headwinds. However, many of these risks manifest when you only hold the stock for a relatively short duration.

If you choose the right novice stocks and hold on to them for the long term, they might be considered almost perfectly safe.

A REIT

The easiest and most predictable investments for novice investors are dividend stocks, especially if they choose reliable aristocrats like **SmartCentres REIT** (TSX:SRU.UN). With dividend stocks, the return potential (via dividends) is certain and reliable. So, even if you don't see any capital appreciation (or just minimal growth), you are still getting something from your investment.

And what this aristocrat lacks in both capital-appreciation potential, it makes up for in reliability and high yield. At 5.6%, its dividend yield is already quite high compared to the aristocrat "average." And its stability comes from more than just its payout ratio.

As a leader in enclosed spaces, it has a powerful portfolio, the bulk of which is made up of **Walmart-**anchored properties, endorsing the REIT's financial prospects.

A food and drugs company

Regardless of the economy, there are few things people never stop spending money on, and two of them are food and medicine. And **Metro** (TSX:MRU), with its network of 950 food and 650 drug stores, is in both of those businesses. This consumer staple giant in Canada has an impressive domestic presence and operates through a variety of brands, many of which are household names in the geographies they serve.

Metro is also a Dividend Aristocrat that's currently offering a relatively small 1.5% yield. However, it's also the stock that grew its investors' capital almost three times in the last decade. And this powerful capital-appreciation potential is currently available at an almost fair valuation, which might as well be discounted when weighed against the return potential.

An asset management company

Brookfield Asset Management (TSX:BAM.A)(NYSE:BAM) is the asset management giant of Canada and one of the largest alternative asset management companies in the world. It has about $690 billion in assets under management, and its holdings are spread out over 30 countries.

Its two main focuses are infrastructure and renewables, both of which have been spun out as independent publicly traded companies.

While its growth has not been very consistent, it's still quite considerable, especially if you take the size of the company and the scope of its operations into account. The stock combines stability and capital-appreciation potential in a powerful package that also comes with dividends, though the yield is just 1%.

Foolish takeaway

Not all beginner investors have the same investment approach. Everyone has different return goals and risk tolerances. But the three stocks check most of the boxes for most investors — novice and experienced alike. They are industry leaders that offer a healthy return potential and resilience against harsh market conditions.

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2. Stocks for Beginners

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3. TSX:MRU (Metro Inc.)
4. TSX:SRU.UN (SmartCentres Real Estate Investment Trust)

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Date
2025/06/29
Date Created
2022/04/07
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