



Top 3 Stocks for Beginners in 2022

Description

2022 is an interesting year for beginners. The global capital market is experiencing historic headwinds. Inflation is running at the highest level in decades, while interest rates are rising and valuations are plunging.

Stocks are beaten down. That's bad news if you're holding stocks, but great news if you're just getting started. Here are the top three stocks for beginners in 2022.

Beginner stock #1

Fortis ([TSX:FTS](#))([NYSE:FTS](#)) is probably the best stock for beginners. That's because it's one of the most well-managed utility businesses in the country. Over the past four decades, Fortis has managed to steadily expand operations and deliver immense cash flows. The utility business is somewhat immune to market cycles.

Fortis stock dropped temporarily in 2020 and quickly recovered. This year, it's up 5.2% while the rest of the market is declining. The stock is as stable as the underlying business, which is an essential service with plenty of pricing power.

The stock already offers a 3.3% dividend yield. Management has expanded this payout every year for the past 49 years. It's expected to do so for the foreseeable future. That's what makes Fortis a top pick for new investors seeking a long-term opportunity.

Beginner stock #2

Constellation Software ([TSX:CSU](#)) is another great pick for beginner investors. The enterprise software conglomerate is in a much better position than the rest of the sector. For one, it's immensely profitable. Secondly, half of its clients are government agencies and essential services, which means subscription revenue is much more stable.

In its latest quarter, the company reported free cash flow (FCF) to shareholders of US\$15.27 (CA\$19.77) per share. That's roughly \$80 annualized, which means the stock is trading at a price-to-FCF ratio of 23.75.

Put simply, Constellation stock is cheap. In fact, the company's growth rate could accelerate in the near future as it picks up small software companies at more attractive valuations. Beginners should certainly keep an eye on this gem.

Beginner stock #3

Dollarama ([TSX:DOL](#)) is the most recognizable name on this list. That's because every Canadian has probably shopped there at least once. After all, there are nearly 1,421 stores across the country. This number is expected to steadily expand in the years ahead.

The discount retailer is in a favourable position this year. Rising inflation pushes households to seek out discounts, which means Dollarama's top line should be intact despite the crisis. To mitigate rising costs, Dollarama recently announced that it would bump up the price for some items up to \$5. That means the retailer is no longer a typical "dollar store."

Dollarama stock has delivered a 2,000% return since going public in 2009. Year to date, the stock is up 8.3%. It's still trading at just 31 times earnings per share. Steady growth and a reasonable valuation are what make Dollarama a [safe-haven asset for new investors](#). Keep an eye on this opportunity.

CATEGORY

1. Investing
2. Stocks for Beginners

TICKERS GLOBAL

1. NYSE:FTS (Fortis Inc.)
2. TSX:CSU (Constellation Software Inc.)
3. TSX:DOL (Dollarama Inc.)
4. TSX:FTS (Fortis Inc.)

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Author

vraisinghani

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