



## Newbie Stock Investors: 3 Rookie Mistakes to Avoid

### Description

Stock investing is tricky when the market is blowing hot and cold. like today. The **TSX's** behaviour in recent weeks has been erratic due to supply chain problems, surging inflation, and rising interest rates.

Nevertheless, [newbie investors](#) can still make money in 2022 from several profitable options. However, financial success can only happen by avoiding blunders. The following are three common rookie mistakes.

### 1. Investing an emergency fund

The usual [advice for beginners](#) is to invest money you won't need anytime soon. Also, the capital should not be your emergency fund. Heightened volatility can cause stock prices to drop, and a recovery might take a while, and you may have an urgent need for that cash.

### 2. Not understanding the business

People invest in stocks to be part owners in publicly listed companies. However, you must follow the approach of Warren Buffett. The GOAT of investing will never invest in a business he doesn't understand. It's a dangerous move for newbies to take unnecessary risks.

### 3. No diversification

Single-stock investing is okay, but you can spread market risks through diversification. You might lose all your marbles in a concentrated position on one company. Instead, build a portfolio with stocks from different sectors if finances allow.

In today's complex environment, **Cenovus Energy** ([TSX:CVE](#))([NYSE:CVE](#)), **Canadian Utilities** ([TSX:CU](#)), and **Laurentian Bank** ([TSX:LB](#)) should form a formidable, diversified [dividend portfolio](#) for novice investors.

## Trio of dividend payers

Cenovus Energy keeps soaring higher due to favourable commodity prices. At \$26.51 per share, current investors delight in the 71.21% year-to-date gain. It also outperforms the energy sector (+53.42%). In Q2 2022, the base dividend of this \$52.53 billion integrated oil & gas company will triple following the board's approval.

Its president and CEO Alex Pourbaix said, "After rapidly deleveraging our balance sheet, we are now able to provide a much clearer picture of how we will position Cenovus for the longer term — as a leader in delivering total shareholder returns." The current dividend yield is 1.61%.

Canadian Utilities, the TSX's only Dividend Aristocrat, is a must-own for income investors. The \$10.67 billion electricity, natural gas, and retail energy company with a dividend-growth streak of 50 years pays an attractive 4.54% dividend.

You won't mind shelling out \$39.75 per share to receive recurring income streams for decades to come. The utility stock is also the perfect hedge against runaway inflation. Even if the market tanks, the dividend payouts should be safe and sustainable.

Gabriel Dechaine, an analyst at **National Bank of Canada** Financial Markets expects three big bank stocks and Laurentian Bank to announce dividend hikes later this month. In Q1 fiscal 2022, the \$1.64 billion regional bank reported net income growth of 24% versus Q1 fiscal 2021.

LB's president and CEO Rania Llewellyn said the new three-year strategic plan will deliver profitable growth and drive shareholder value. At \$38.06 per share, the dividend offer is 4.62%.

## Higher corporate earnings

Despite the perfect storm, market analysts predict higher corporate earnings in Q2 2022 versus Q1 2022. They estimate a 24.2% increase from the preceding quarter, but earnings growth should be 12.7% minus the red-hot energy sector. Thus far, the earnings results of 65.4% of TSX companies beat expectations.

### CATEGORY

1. Investing
2. Stocks for Beginners

### TICKERS GLOBAL

1. NYSE:CVE (Cenovus Energy Inc.)
2. TSX:CU (Canadian Utilities Limited)
3. TSX:CVE (Cenovus Energy Inc.)

4. TSX:LB (Laurentian Bank of Canada)

#### **PARTNER-FEEDS**

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Quote Media
6. Sharewise
7. Smart News
8. Yahoo CA

#### **PP NOTIFY USER**

1. cliew
2. kduncombe

#### **Category**

1. Investing
2. Stocks for Beginners

#### **Date**

2025/07/01

#### **Date Created**

2022/05/18

#### **Author**

cliew

default watermark

default watermark