



New Investor? Start a Portfolio With These 3 Stocks

Description

Taking control of your finances is a very important step that I believe everyone should take. However, it's understandable that the process may be a bit daunting to some. This is especially true today, as investors have to deal with immense volatility in the stock market. Regardless, there are principles that new investors should follow regardless of what the market looks like. In this article, I'll discuss three stocks you should buy to start your portfolio.

Start with a company you're familiar with

When looking for stocks to add to a new portfolio, it would be a good idea to start by looking at companies you're already familiar with. This is because you should already be familiar with how those companies work and how they generate revenue. Knowing all of that beforehand can allow you to spend more time looking for other companies to add to your portfolio. For example, think of the company you bank with. If you're pleased with the service you receive, I'd suggest buying shares of that company.

Bank of Nova Scotia ([TSX:BNS](#))([NYSE:BNS](#)) is an example of a very popular bank across Canada. It's a member of the Big Five, a group of leading banking companies which stand atop the Canadian banking industry. Bank of Nova Scotia has been a solid performer over its history, providing investors with a steady return. It also pays shareholders an attractive dividend, and it has been doing so for [the past 189 years](#). If you're stuck on a stock to add to your portfolio, Bank of Nova Scotia and similar companies could be a place to start.

Look for companies with good cash flow

New investors should also keep in mind whether a company has good cash flow. This is important because it could help companies survive during recessions and other periods of economic uncertainty. An example of a company with excellent cash flow would be insurance companies. These businesses tend to receive a steady flow of cash each month via premiums paid by their customers. However, insurance companies lose money when covering claims, which, if you're familiar with any insurance

company, they don't tend to be very eager to pay.

Manulife Financial ([TSX:MFC](#))([NYSE:MFC](#)) is one insurance company that new investors should consider buying for their portfolios. With about \$1 trillion of assets under management, it's the largest insurance company in Canada and one of the largest in the world. Manulife's excellent cash flow has allowed it to increase its dividend in each of the past seven years.

Invest in Dividend Aristocrats

If you haven't noticed by now, the stocks that I've been suggesting that new investors add to their portfolios tend to be dividend payers. This is because [dividend stocks](#) tend to be much less volatile than growth stocks. In addition, historically, dividend stocks have outperformed growth stocks during market corrections. When looking for the best dividend stocks to invest in, investors should consult the list of Canadian Dividend Aristocrats. This is a list of companies that have grown dividend distributions for at least five consecutive years.

Canadian National Railway ([TSX:CNR](#))([NYSE:CNI](#)) is an example of a great dividend stock to consider. It has increased its dividend in each of the past 25 years. That makes it one of only 11 **TSX**-listed companies to achieve that milestone. A leader in an important industry, Canadian National should continue to see a lot of demand in the coming years.

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2. NYSE:CNI (Canadian National Railway Company)
3. NYSE:MFC (Manulife Financial Corporation)
4. TSX:BNS (Bank Of Nova Scotia)
5. TSX:CNR (Canadian National Railway Company)
6. TSX:MFC (Manulife Financial Corporation)

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