



New to Investing? Here's How to Get Started

Description

Are you new to investing?

If you are, then you may find yourself excited by the opportunities this market presents. Stocks are currently in a bear market, which means that by historical standards, this is a good time to buy. Many fortunes have been made over the years by buying stocks at low prices, and today, many stocks are seeing their lowest price levels in years.

So, buying stocks today might someday prove to have been a good move. However, it's not as simple as just going out and buying any old stock. Individual stocks can and do go to \$0 all the time. To really succeed in the stock market, you need to build a diversified portfolio of assets that can thrive even if one of the stocks in it performs poorly. In this article, I will explore a simple three-step process to getting started on the right foot in your investing journey.

Step #1: Find a good broker

The first step in investing is [finding a good broker](#). As with most investing matters, this is very personal. If you plan to trade with very small amounts of money, a no-fee broker like WealthSimple might suit your needs. If you plan to invest larger sums and want to do a lot of research, TD Waterhouse could be more up your alley.

Brokers have different characteristics that appeal to different investors. Ideally, you should pick a broker whose specific strengths align with your investment goals and position size. In general, "no-fee" brokers are more desirable when you are investing small sums of money, while fee-charging brokers can be worth it if you are buying in lots of at least a few thousand dollars.

Step #2: Begin with index funds

When you're just getting started, you should generally stick to [index funds](#) like **iShares S&P/TSX Capped Composite Index Fund (TSX:XIC)** instead of individual stocks. Making informed investments

in individual stocks is extremely difficult, requiring copious amounts of research. With an index fund like XIC, you don't really need to know anything about individual companies — the diversification takes away much of the risk.

All you need to know is that the economy is in good shape, that the fund is not charging excessive fees, and that the market isn't overheated. If you can establish those three facts, then you can make an informed investment in a fund like XIC. The economic and market factors mentioned are too broad to be treated in this article, but I can tell you that XIC does in fact have a very low fee — at 0.04%, you won't even notice it, unless you're using a calculator.

Step #3: Always be researching

The last step to getting started with investing is to commit to future research. This is vague, but, basically, you want to commit a few hours every week to reading financial news, quarterly/annual reports, and economic reports. All of this information is necessary to make informed decisions, even with diversified products like index funds. So, make sure you're always reading. It's the single biggest key to investing success.

CATEGORY

1. Investing

TICKERS GLOBAL

1. TSX:XIC (iShares Core S&P/TSX Capped Composite Index ETF)

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Quote Media
6. Sharewise
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Author
andrewbutton

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