



## New to Investing? The 2 Top Stocks to Buy Right Now

### Description

Are you new to investing? Don't gamble your money because you could lose your hard-earned savings. You don't have to take excessive risk when investing in the stock market.

You're in luck because the stock market has corrected this year. A bunch of quality stocks are cheaper year to date, making it appealing for new investors to put excess cash into these discounted stocks. You can further lower your risk by buying cheap dividend stocks. Dividends are profits potentially shared by publicly traded companies in the form of cash payments.

Moreover, dividends are more favourably taxed than your job's income, foreign income, or interest income. So, it makes good sense to invest in dividend stocks.

Here are some top dividend stocks to buy right now for folks who are just [starting investing](#).

## RBC stock is a solid starter stock for new investors

**Royal Bank of Canada** ([TSX:RY](#))([NYSE:RY](#)) is a financial conglomerate that leads a stable, diversified business. It operates in 29 countries and serves more than 17 clients, but its core business is in Canada. It boasts leading positions in all key product categories across Canadian banking. According to *J.D. Power*, RBC has the highest customer satisfaction among the Big Five retail banks. Its key business segments include personal and commercial banking, wealth management, capital markets, and insurance.

At \$124.86 per share at writing, RBC stock trades at about 11.1 times earnings, which is a discount of about 10% from its long-term normal valuation. The bank aims for an earnings-per-share (EPS) growth rate of at least 7% over the next three to five years. It also targets an impressive return on equity (ROE) of over 16%, which aligns with its five-year ROE of 16.7%.

The bank stock pays a safe dividend yield of 4.1%. Combined with a growth rate of at least 7%, buyers of the dividend stock today can get approximated long-term returns of about 11% per year. This is an attractive estimated return, seeing as the Canadian stock market's average long-term returns is about

7%. Additionally, RBC stock is a low-risk stock that has little uncertainty and increases its EPS in the long run. Its valuation expansion can further boost its return.

## New to investing? Buy real estate stocks for income

Real estate is another great source of income. Buying individual properties costs a lot. Most investors will likely need to get a mortgage and pay interest as a result. You'll also need to manage the properties, including maintaining the property maintenance and catering to tenants. To earn passive income with no debt weighing on your shoulders, you can consider investing in real estate investing trusts ([REITs](#)) that have gone on sale from rising interest rates.

One interesting REIT is **Canadian Net REIT** ([TSXV:NET.UN](#)) that invests in commercial properties in Eastern Canada. It has strong evidence of a low-risk business model. It maintains a high occupancy rate of close to 99% and increases its cash flows and cash distributions to unitholders through economic cycles.

The stock trades at \$6.91 a unit at writing. The average analyst 12-month price target is \$9, across six analysts. That's an upside potential of 30% in the near term. It pays a nice 4.9% yield for the wait in the form of a monthly cash distribution. The stock's five-year cash-distribution growth rate is 13.3%, which is superb.

If you study the income stock more closely, you'll love its fundamentals and discounted stock. However, one thing you won't like is its low trading volume, which makes it an illiquid stock. Most investors want to buy stocks that they can buy and sell easily. It wouldn't be as easy to buy or sell Canadian Net REIT units because of its low trading volume. This is not a problem if you plan to buy and hold it for passive income, say, in your [Tax-Free Savings Account](#).

### CATEGORY

1. Dividend Stocks
2. Investing

### TICKERS GLOBAL

1. NYSE:RY (Royal Bank of Canada)
2. TSX:RY (Royal Bank of Canada)
3. TSXV:NET.UN (Canadian Net Real Estate Investment Trust)

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