



1st-Time Investor? Here's Where I'd Put \$1,000

Description

It's never easy taking the first step. However, this is a particularly good time to start investing in stocks. Stock prices have declined substantially, which means [beginners](#) can snatch up a bargain. If I were starting with \$1,000 today, here are the top two stocks I would consider.

Constellation Software

Constellation Software ([TSX:CSU](#)) is perhaps Canada's most underrated tech stock. The company focuses on growth-via-acquisition in the enterprise software sector. Over the past 30 years, the team has acquired over 300 small- and mid-sized software firms in mundane sectors like inventory management and accounting.

Nearly half of Constellation's client base is government agencies. That makes the company less vulnerable to economic downturns.

It's a boring but lucrative business model. In its most recent quarter, revenue grew 30% while net income soared 43% year over year.

Constellation stock is up 10,500% since its listing in 2006. That's a compounded annual growth rate of 33.8% over 16 years. In the first half of 2022, Constellation has ramped up its pace of acquisitions. I believe these new investments will deliver substantial value for investors in the years ahead.

If you're a beginner, keep an eye on this opportunity.

Loblaw Companies

Loblaw Companies ([TSX:L](#)) dominates Canada's retail sector. The [blue-chip company's](#) portfolio includes brands such as NoFrills, Shopper's Drug Mart, Real Canadian Superstore, and T&T Supermarket. Altogether, its various brands control over 27% of Canada's essential retail sector.

Even as the Canadian economy struggles with heightened inflation levels, the company has outperformed all metrics. The stock is already up by more than 15% for the year, outperforming the TSX, which is down by about 12% over the same period.

Last year, Loblaw Companies was up by more than 60%, affirming its status as one of the best-performing stocks. The stellar performance stems from the fact that the company deals with products and services that have robust demand regardless of economic conditions. The company engages in the provision of grocery, pharmacy, health, and beauty products. It also offers financial services.

The company's earnings appear to be immune to inflationary pressures as groceries and medicine will always elicit demand regardless of the economy plunging into recession. The fact that some of its products elicit demand when consumers are tightening budgets underscores its long-term prospects.

Loblaw Companies has delivered strong sales growth amid the rising food prices. In the first quarter of 2022, it delivered a 3.3% revenue growth to \$12.2 billion as its adjusted EBITDA (earnings before interest, taxes, depreciation, and amortization) increased 10% to \$1.34 billion. In addition to solid earnings, the company also boasts of an attractive dividend yield that stands at 1.36%.

Loblaws stock trades at a price-to-earnings multiple of 18, which is attractive given its financial strength and long-term prospects. It's the perfect stock for beginners worried about the economy and seeking a safe haven.

CATEGORY

1. Investing

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2. TSX:L (Loblaw Companies Limited)

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vraisinghani

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