



## How I'd Invest \$20,000 Today if I Had to Start From Scratch

### Description

Taking control of your finances is, in my opinion, one of the greatest things you can do for yourself. By taking this part of your life a bit more seriously, you could help yourself [achieve financial independence](#). That could help you reach a comfortable retirement. However, it's nearly impossible for the everyday person to enter the stock market with all the information that they'll need to succeed.

From personal experience, I can say that I've learned a lot since I started investing. Now, the question becomes, given what I know now, would my portfolio building strategy differ from my earlier days? Of course! In this article, I'll discuss [how I'd invest](#) \$20,000 today if I had to start from scratch. Hopefully, this can help today's new investors start on the right foot.

### Look for solid dividend companies

The very first thing I would do would be to find a handful of solid dividend stocks. This is similar to what I did initially, since my first portfolio was focused on dividends. The reason dividend stocks could be great buys for new investors is because they tend to be less volatile than growth stocks. This could help new investors get used to the day-to-day fluctuations that they'll see in their portfolio, while not being subjected to the extreme swings that can come with growth stocks.

**Bank of Nova Scotia** ([TSX:BNS](#)) is an example of a great dividend stock that investors should consider buying today. One of the largest banks in Canada, Bank of Nova Scotia has managed to [pay shareholders a dividend](#) in each of the past 189 years. That's very impressive considering how many popular dividend stocks have needed to suspend dividends over the past two centuries due to events such as the Great Depression, the Great Recession, the COVID-19 pandemic, and more.

### Add reliable companies to your portfolio

After choosing a handful of dividend stocks to serve as the backbone of your portfolio, investors should look to build out the rest of their portfolio with reliable companies. Now, this can be interpreted by investors in many ways. For me, a reliable company would be one that's included on the **S&P/TSX 60**

and a name that you're familiar with.

For example, consider investing in **Canadian National Railway** ([TSX:CNR](#)). This is one of the largest companies in the country, and the biggest railway company in Canada. In total, it operates a railway network which spans nearly 33,000 km. Although Canadian National Railway is also known for being an excellent dividend company, that may not be true for all TSX 60 companies. However, what's common about all those companies is that they hold leadership positions in their respective industries.

## Make sure to add a bit of growth

If your initial portfolio consists of about 20 stocks, then I think 18 or so of those should be the type covered in the previous two sections. For the final two stocks in your portfolio, investors should consider looking for solid growth stocks. Investors should keep this portion of their portfolio smaller because growth stocks are a lot harder to assess. In addition, they tend to be very volatile, as I mentioned previously. This could make it difficult for newer investors to stomach the day-to-day fluctuations.

**Constellation Software** ([TSX:CSU](#)) would be an excellent growth stock for new investors to hold. This company is known for being one of the most impressive Canadian stocks since its initial public offering. In fact, over the past 16 years, Constellation Software stock has generated more than 10,000% in returns. Led by Mark Leonard, this company has established itself as one of the greatest tech holding companies of its time.

### CATEGORY

1. Investing
2. Stocks for Beginners

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1. NYSE:BNS (The Bank of Nova Scotia)
2. NYSE:CNI (Canadian National Railway Company)
3. TSX:BNS (Bank Of Nova Scotia)
4. TSX:CNR (Canadian National Railway Company)
5. TSX:CSU (Constellation Software Inc.)

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