



4 Top TSX Stocks for Beginners in 2023

Description

The TSX has a decent selection of [stocks for beginners](#) — i.e., stocks with which novice investors can start their portfolios. Different investors have different interpretations and choices when it comes to beginner stocks.

I stick to companies with a prominent position in their industry, a relatively stable business model, a healthy market presence, and decent return potential. Many stocks meet these criteria, but four stand out from the rest.

A bank stock

National Bank of Canada ([TSX:NA](#)) has a relatively concentrated local presence, which is not a strong point in its favour, as other Canadian bank stocks represent entities with a solid internationally diversified presence. But this hasn't prevented the stock from becoming the most decent grower among the Big Six banks in the country, at least in the last decade.

It has risen about 150% in the last decade, and its dividends have been reliable and generous. It is currently offering a yield of about 3.8% at a steady payout ratio. The bank has raised its payouts by over 60% in the last five years alone.

This is exceptional, even for the banking sector, comprised of great dividend stocks. The combination of growth potential and dividends, along with the security offered by the banking sector, makes it an ideal beginner stock for Canadian investors.

The railway giant

As one of Canada's two major railway companies, **Canadian National Railway** ([TSX:CNR](#)) is one of the most prominent players in the North American cargo industry. It controls an impressive network of railroads and connects three coasts, making it a top choice for a wide range of businesses in both countries for the transportation of their goods and cargo to the coasts for export.

It also has a massive trucking fleet, which endorses its position as a major cargo hauler in the country. The company is also a great pick from the returns perspective. In addition to a stable underlying business, it offers a yield of 1.99%, growing dividends (since it's an aristocrat), and powerful capital-appreciation potential (10-year growth — 230%).

An insurance company

There are multiple major insurance companies, some of which have an impressive international presence. **Intact Financial** ([TSX:IFC](#)) is one of Canada's insurance giants, focusing on property and casualty (P&C) rather than life insurance. It's the top P&C insurer in Canada with a growing presence in the U.S. and U.K./Ireland.

The stock has followed the company's growth pattern quite diligently and has been on its way up almost consistently. It has risen about 194% in the last 10 years — a pace that can help you double your capital in half a decade. It's also an established dividend payer currently offering a modest 2% yield.

An energy company

Pembina Pipeline ([TSX:PPL](#)) is a mid-stream pipeline company that has been serving North American consumers for over six decades. It has an impressive pipeline infrastructure — roughly 18,000 kilometres. The company has both conventional oil pipelines and oil sand pipelines, making it an excellent long-term bet.

The company also has natural gas-processing capabilities and can handle five billion cubic feet per day. As a stock, Pembina is a much better buy for its dividends than its capital-appreciation potential. It's a resilient dividend stock that is currently offering a yield of about 5.6%.

It's also one of the few [energy stocks](#) that didn't rapidly rise in the post-pandemic bullish phase. This also works the other way, as the stock might also avoid a correction in the future.

Foolish takeaway

The four beginner stocks can help you build a strong portfolio that offers a good mix of resilience, dividend-based returns, and capital-appreciation potential. You can take the same approach for future additions to your portfolio or shape it based on your investment goals — i.e., more dividends or growth.

CATEGORY

1. Investing

2. Stocks for Beginners

TICKERS GLOBAL

1. TSX:CNR (Canadian National Railway Company)
2. TSX:IFC (Intact Financial Corporation)
3. TSX:NA (National Bank of Canada)
4. TSX:PPL (Pembina Pipeline Corporation)

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