



What Kind of Stock Portfolio Should You Maintain?

Description

We all invest with the intention of making more money, and there are many successful investing gurus out there.

Should you follow Philip Fisher's style and look for companies that are superior to their peers in their respective industries?

Should you follow William O'Neil's style and look for growth stocks?

Then, of course, there's Warren Buffett and Benjamin Graham's value investing with an emphasis on margin of safety to prevent overpaying for any company.

Discover your own investment style

The good thing about maintaining your own portfolio is that you can look at each individual holding and determine how it fits into your unique portfolio. You don't have to choose just one style because you have the freedom to combine them if you so wish to.

Ultimately, your stock portfolio should allow you to sleep well at night. I take a blended approach, but my core portfolio is made up of dividend stocks that I aim to buy at a margin of safety.

However, occasionally there are excellent businesses such as **Fortis Inc.** ([TSX:FTS](#)) that I'm willing to pay a fair price for. In my eyes, the quality and stability of the business is a different kind of margin of safety.

Some investors would say that Fortis grows at too slow a rate to warrant an investment. However, it plays the role of adding stability to my portfolio.

Fortis is primarily a regulated utility with predictable and stable returns. I can count on it to appreciate in price steadily and to pay a stable, growing dividend. In fact, Fortis has increased its dividend by more than 40 consecutive years—one of two Canadian companies to do so. It also aims to increase its dividend by 6% per year in the next few years.

It's my job as the investor to buy it at a fair or discounted price to maximize my returns. At about \$42 per share, Fortis is close to fully priced based on its 10-year normal multiple. Whenever Fortis yields 4% or higher, I'd consider buying more shares.

If I want to boost my portfolio returns, I can buy high-growth investments such as **Alimentation Couche-Tard Inc.** (TSX:ATD.B) and **iShares NASDAQ Biotechnology Index** ([NASDAQ:IBB](#)). The reason I mention the biotech index fund is because some investors might be uncomfortable holding individual biotech stocks, but they might believe there's more growth to come from the industry, so the exchange-traded fund is a lower-risk way of gaining exposure.

What kind of stock portfolio should you maintain?

You should maintain a stock portfolio that makes sense to you. Know what you want out of each holding. For example, one holding might be for stable dividends, another might be for growth, and yet another might be for a blend of income and growth. It's up to you.

CATEGORY

1. Dividend Stocks
2. Investing
3. Stocks for Beginners

POST TAG

1. Editor's Choice

TICKERS GLOBAL

1. TSX:FTS (Fortis Inc.)

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Date

2025/08/24

Date Created

2016/06/22

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