



3 Stocks to Own From the 10-20-30 Portfolio

Description

Investors are familiar with the idea of diversification, whether it be by industry and sector, asset class, strategy, geography, or dollar-cost averaging — the list goes on.

Like a well-rounded baseball team with players possessing different skill sets, a good portfolio should do the same. Some stocks are slow growers and some are fast. Some pay dividends; some don't. The more well rounded your portfolio, the better.

Last October, I [introduced](#) readers to the 10-20-30 portfolio: a group of stocks whose prices were trading around \$10, \$20, and \$30. My rationale was that good things come in all sizes. A stock trading at \$5 is not necessarily a bad investment, just as a \$100 stock isn't necessarily a good one.

Price diversification works. Here's how my three picks have performed over the last nine months.

10-20-30 performance: 10/03/2016 to 07/27/2017

Stock Price	Company	Return
\$10	Tricon Capital Group Inc. (TSX:TCN)	16.5%
\$20	Cott Corporation (TSX:BCB)(NYSE:COT)	6.2%
\$30	Descartes Systems Group Inc. (TSX:DSG)	13.6%

Average 12.1%

iShares S&P TSX Capped Cmpst Indx Fnd

(TSE:XIC) 3.5%

Source: Google Finance

Specific price points

For this stock selection process, I looked for stocks priced within a couple of dollars of \$10, \$20, and \$30. However, alternatively, I could mix it up and look for stocks that are less than \$10, between \$10 and \$20, and between \$20 and \$30.

Unless I couldn't find any good stocks using my original premise, I think I'll stick to the two-buck rule.

\$10 stock

Restricting my search to market caps of \$500 million or more, I've come up with 30 stocks between \$8 and \$12, 18 of which pay dividends. Given how popular dividend stocks are with retail investors, I tried to pick companies that pay a dividend, but there are no guarantees.

Back in May, I [highlighted](#) some of the reasons why I think **SunOpta Inc.** ([TSX:SOY](#))([NASDAQ:STKL](#)) has got a stable future in the healthy food business. Not much has happened to its stock price in the two months since, but it continues to carry out its plan that will make it more focused and profitable.

Currently trading just under \$12, SunOpta is easily the best \$10 stock available, other than Tricon, which I've already selected. It doesn't pay a dividend (Tricon does), but given the potential of its stock to run to \$20 and beyond in the next 12-24 months, the dividend is an afterthought.

\$20 stock

In the \$20 price point, we've got a little bit of good news and bad news. Although I've only got 22 companies to pick from between \$18 and \$22, 17 pay dividends, so I promise to deliver a dividend-paying stock recommendation.

It has not been a good year for real estate owners like **First Capital Realty Inc.** (TSX:FCR) which specialize in retail properties.

It's no mystery that brick-and-mortar retail, both in the U.S. and Canada, is suffering from increased online shopping competition combined with an overabundance of retail space, and that's got occupancy rates declining somewhat.

Yes, First Capital has some of the finest properties in the country — it's redeveloping Hazelton Lanes (now called Hazelton Village) in Toronto — but all investors see is woeful retail numbers; First Capital is guilty by association.

Trading at the midpoint between its five-year high of \$23.31 and its low of \$16.50, I think it's got an excellent opportunity to move back into the mid-20s before too long.

In the meantime, enjoy its 4.2% yield.

\$30 stock

With only 12 stocks to choose from between \$28 and \$32, I've got my work cut out for me.

Power Corporation of Canada ([TSX:POW](#)) is, at first glance, an odd choice given that it has issues to work through at some of its operating businesses. For example, **Great-West Lifeco Inc.** ([TSX:GWO](#)) [announced](#) in April that it was cutting 1,500 jobs in Canada and reinvesting the cost savings in digital technology to meet the competitive pressures of a changing insurance industry.

On the venture capital side of the holding company's business, it's got some exciting investments, including majority ownership of WealthSimple, Canada's largest robo-advisor with more than \$1 billion in assets under management. To date, Power has invested \$100 million in WealthSimple and another \$150 million toward FinTech start-ups Koho Financial, a mobile bank, and Borrowell, an online lender.

Historically, capital allocation has been its strong suit. I expect big things in the future from its smaller, niche investments.

Plus, its 4.8% dividend yield is a nice consolation prize should these investments not work out as planned.

CATEGORY

1. Investing

TICKERS GLOBAL

1. NASDAQ:DSGX (Descartes Systems Group)
2. NYSE:AVA (Avista Corporation)
3. TSX:DSG (The Descartes Systems Group Inc)
4. TSX:FCR.UN (First Capital Real Estate Investment Trust)
5. TSX:GWO (Great-West Lifeco Inc.)
6. TSX:POW (Power Corporation of Canada)
7. TSX:PRMW (Primo Water)
8. TSX:SOY (SunOpta Inc.)
9. TSX:TCN (Tricon Residential Inc.)
10. TSX:XIC (iShares Core S&P/TSX Capped Composite Index ETF)

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1. Investing

Date

2025/08/20

Date Created

2017/08/02

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