You Could Do a Lot Worse Than Owning This $10 Portfolio

Description

I've been writing about investing for over a decade, and the one thing I've found about the average investor's stock-selection process is that it tends to get way too complicated, and that leads to sub-par performance.

When it comes to investing, the KISS rule, without fail, is the best way to keep your retirement portfolio on track to reach your goals.

Most people fail to do this because their investment strategy changes from one day to the next, resulting in the accumulation of a plethora of stocks that have no relationship to each other, other than they're held in the same investment account at one of the many self-directed discount brokers available in this country.

Any idea followed over a lengthy period — a decade or more — is bound to deliver results that are better than any ad-hoc approach generates. That's due to several reasons which include lower trading costs, lower taxes, less time spent selecting stocks, etc.

As they say, time is money.

So, from time to time, I like to create fun model portfolios that Fool.ca readers can implement for themselves, always keeping in mind that my number one priority is to help you make money, not just throw names on the table.

In June 2016, I suggested a mini-Quebec portfolio of just three stocks: **Alimentation Couche Tard Inc.** (TSX:ATD.B), **Canadian National Railway Company** (TSX:CNR)(NYSE:CNI), and **Power Corporation** (TSX:POW). If you put an equal amount into all three stocks last June, today you'd be up 11.9% — 320 basis points better than the TSX.

Simple works.

I got the idea to create a portfolio made up entirely of $10 stocks trading on the TSX. To qualify, they needed a share price between $9.50 and $10.50 and a market cap of $500 million or higher.

Here is my six-stock $10 portfolio, ranked from best to worst.

Tricon Capital Group Inc. (TSX:TCN)

I've been a fan of Tricon's real estate business for over a year; I remain a fan of the asset manager, whose moves included buying up single-family residences in the U.S. to rent them out until house prices significantly increase in value. So far, good.

It's up 14.8% over the past year through September 14.

Clearwater Seafoods Inc. (TSX:CLR)

Of the six stocks in the $10 portfolio, the processor of seafood has the worst performance of the group over the past year, providing investors with a great buying opportunity. Its revenues and profits have never been better, while its debt is manageable.

It's down 24.0% over the past year.

Canopy Growth Corp. (TSX:WEED)

While there's a downside to the LCBO entering marijuana retailing, which I recently discussed, medical marijuana producers like Canopy should benefit from its size and scale. Still, in the early going of a nine-inning game, a lot can happen to knock its stock off stride. It's a winner in the long term.

It's up 161.3% over the past year.

SunOpta, Inc. (TSX:SOY)(NASDAQ:STKL)

In the middle of a turnaround that looks to prepare the organic and specialty food company with the structure necessary to grow its business, its second-quarter results announced in August weren't all that bad, but investors felt otherwise, knocking its stock for a 16% drop in the last month. Like Clearwater Foods, this spells opportunity.

It's up 20.7% over the past year.

Mitel Networks Corp. (TSX:MNW)(NASDAQ:MITW)

In April 2016, I suggested that the Ottawa-based tech company's continuing transformation through acquisitions was an ongoing process that could pay dividends down the road. Mitel continues to make progress on its cloud revenue, which is becoming a bigger piece of the pie, and that's what ultimately will drive its stock price higher.

It's up 2.8% over the past year.

Solium Capital Inc. (TSX:SUM)

I’ve ranked the Calgary company last because it’s a business I’ve not followed too closely, but it probably should be ahead of Mitel because it serves an important segment of any business operation — financial administrators use its cloud-enabled software to take care of financial reporting — and it’s growing revenues and income. In six to 12 months, I’m sure it will rank much higher.

It’s up 46.7% over the past year.

CATEGORY

1. Investing

POST TAG

1. Editor's Choice

TICKERS GLOBAL

1. NYSE:CNI (Canadian National Railway Company)
2. TSX:CNR (Canadian National Railway Company)
3. TSX:POW (Power Corporation of Canada)
4. TSX:SOY (SunOpta Inc.)
5. TSX:TCN (Tricon Residential Inc.)
6. TSX:WEED (Canopy Growth)

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