The 5-Stock Portfolio to Hold Through 2018

Description

Heading into 2018, investors who want to run a concentrated portfolio may only need a handful of holdings to make themselves very happy over the next year. For those looking to offer themselves an early Christmas present, here are the top five names to hold for next year.

The first name on the list is none other than **Laurentian Bank of Canada** (TSX:LB). At a price of $57.50, Laurentian offers a dividend yield close to 4.5% amid an oversight involving a small fraction of the mortgages originated by the company. Although many have overreacted to this small mix up, shares have still been unnecessarily punished amid large increases in bottom-line profits and a recent dividend increase. As a pillar of the portfolio, this Canadian financial carries a significant amount of upside.

The second name to be added to the portfolio is none other than **Pure Multi-Family REIT LP** (TSX:RUF.UN), which, at a price per share of $7.70, offers investors a dividend yield of no less than 6.25% and trades at a discount to tangible book value. Although the payout ratio seems high on a year-to-date basis, investors must remember that the company recently raised money to fund several more acquisitions that have yet to close. Although the cash sitting in the company's bank account has yet to be deployed, there are still dividends that must be paid on the capital that has been raised. With the expectation that management will continue to do productive things with the resources at their disposal, this name is expected to return to a price of at least tangible book value (and more) as shareholders' equity resumes its upward momentum.

The third name on the list is none other than **Crescent Point Energy Corp.** (TSX:CPG)(NYSE:CPG). At a price of $9 per share, Crescent Point offers investors a 4% dividend yield. Although the true value of the company is not completely clear at this point, investors will, without a doubt, benefit substantially from increasing oil prices. Should oil return to its previous glory of more than US$100 per barrel, there will be no ceiling on shares of this oil company. Should oil peak at US$70, however, a 50% upside remains reasonable.

Next up are shares of **Goldcorp Inc.** (TSX:G)(NYSE:GG). At a price of less than $15.25 per share, Goldcorp may have the highest risk/reward of any stock in the portfolio. As was previously discussed, the shiny metal may just explode once cryptocurrencies go out of style.

Last of the list are shares of little-known **New Senior Investment Group Inc.** (NYSE:SNR), which, at a current price of less than US$8, offers investors a dividend yield of more than 13%! As the dividend represents close to 100% of cash from operations (CFO), the best thing that this company can do is cut the dividend by more than 50%, thereby reducing the amount of leverage the company will eventually be forced to deal with down the road. Over the past year, the share price has declined following the dividend payments in spite of the fabulous business model currently in place. In this particular case, a 4.5% yield would make a lot more sense, as the company improves its financial position.

As investors can see for themselves, a well-diversified portfolio has the potential for significant upside and a high dividend yield along the way.

Happy investing in 2018!

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:VRN (Veren)
2. TSX:LB (Laurentian Bank of Canada)
3. TSX:VRN (Veren Inc.)

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