# How Investors Can Diversify a 5-Stock Portfolio and Become Rich in the Process!

## Description

In spite of what many mutual fund managers will attest to, it is possible to diversify a portfolio with fewer than 50 holdings. There is no correct number, however, so it is very difficult to argue that any less than five would be adequate. In fact, five would be an absolute minimum, as many investors prefer a number of at least 10 or more.

For those seeking the fewest number of investments to keep track of, here are the five names (and their allocations) for those willing to take on a fair amount of unsystematic risk.

**Canopy Growth Corp.** (TSX:WEED)(NYSE:CGC): no more than 10% of the portfolio

As this industry is still developing, investors can reap large profits by only allocating a small amount of their holdings to the industry. Should the legalization of marijuana not become as profitable as many had hope, the risk remains minimal. The investment should be considered high risk and part of the medical and recreational portions of the portfolio.



**Canadian National Railway** (TSX:CNR)(NYSE:CNI): no more than 35% of the portfolio

As the nation's largest railroad, investors will own part of a unique and essential asset, which will continue to pay dividends well into the next generation. As the company that moves the most goods, the potential for dividend increases is well intact. Over the long term, investors will see numerous increases, as this core holding has nowhere to go but up.

**Slate Office REIT** (TSX:SOT.UN): 20% of the portfolio

Covering the dividend aspect of the portfolio, this name offers an astonishing yield of 10% and trades at a discount to tangible book value. Essentially, the market is viewing this name through a negative lens, as the company continues to pay out more than 100% of its free cash flows. To combat this, however, management has announced a share buyback, which will allow for the closing of this gap. Although it rarely happens, a dividend cut would probably be received as positive news for this name.

**Crescent Point Energy Corp.** (TSX:CPG)(NYSE:CPG): no more than 20% of the portfolio

In the oil sector, this name offers investors both a monthly dividend and exposure to capital gains amid higher oil prices. Although the company has had a very difficult time over the past few year, it should be noted that higher oil prices will lead to the monetization of the assets on the balance sheet. With a lot of runway on the horizon, investors are best to get in early.

**Chipotle Mexican Grill, Inc.** (NYSE:CMG): no more than 20% of the portfolio

On the U.S. side, shares of this fast-serve restaurant are finally starting to find life again. The good news is that after a recent pullback, the valuations remains much more attractive. Although shares seem expensive, the growth story has yet to be fully realized. As we are only at the beginning of this growth story, this may be one of the securities that will be held the longest.

**CATEGORY**

1. Investing

**POST TAG**

1. Editor's Choice

**TICKERS GLOBAL**

1. NASDAQ:CGC (Canopy Growth)
2. NYSE:CMG (Chipotle Mexican Grill, Inc.)
3. NYSE:CNI (Canadian National Railway Company)
4. NYSE:VRN (Veren)
5. TSX:CNR (Canadian National Railway Company)
6. TSX:RPR.UN (Ravelin Properties REIT)
7. TSX:VRN (Veren Inc.)
8. TSX:WEED (Canopy Growth)



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