



The Foundation of Your Retirement Starts With These 4 Stocks

Description

I'm a big believer in having a diversified portfolio with a few core positions.

Say I want to own 25 different stocks. Equal ownership of each would mean a portfolio with 25 positions at around 4% of assets in each company. Instead, I'd rather overweight my best choices and then save some smaller positions for [riskier stocks with big upside potential](#).

A front-loaded portfolio might look something like this: top seven positions (6% weighting each): 42% of assets; next 11 positions (4% weighting each): 44% of assets; final 7 positions (2% weighting each): 14% of assets

The key to a portfolio like this one is to choose the best companies for the top positions. These portfolio stalwarts will then do most of the heavy lifting, building the foundation of a great retirement on their own. The performance of the rest of the portfolio will just be gravy. The good news is it isn't very hard to choose these top performers. These stocks have already identified themselves as the best of the best. All you need to do is buy in.

Let's take a closer look at four of these proven winners.

Bank of Nova Scotia

Bank of Nova Scotia ([TSX:BNS](#))([NYSE:BNS](#)) has grown to be one of the largest positions in my portfolio for one simple reason. I really like the company's Latin American expansion.

Scotiabank has fantastic operations here in Canada too, of course. Its Canadian banking business does nothing but churn out consistent profits that trend higher over time. A tepid Canadian economy is a risk today, but the bank would quickly bounce back if Canada entered into a recession.

The Latin American assets include huge operations in places like Mexico, Peru, Colombia, and Chile. Scotiabank has hundreds of branches in each of these countries and has grown to be a major player in the region. This area offers several advantages including higher net interest margins and better overall economic growth.

Oh, and the stock also pays an attractive 4.6% yield, a dividend that increased more than 50% since 2010.

BCE

Every Canadian knows **BCE Inc.** ([TSX:BCE](#))([NYSE:BCE](#)) and its plethora of assets. The company is Canada's largest telecom with more than nine million wireless customers, nearly four million internet subscribers, and close to three million television connections. The company also owns some of Canada top television channels, radio stations, and digital streaming service Crave.

The beauty of owning such great assets is BCE can push annual price increases to customers without much of a problem. Sure, you complain every time the price of internet goes up, but most people don't do anything about it; they just accept it and move on.

This all translates into solid, predictable growth, which is exactly what investors should be looking for.

Enbridge

My **Enbridge Inc.** ([TSX:ENB](#))([NYSE:ENB](#)) bull thesis is both incredibly simple and powerful. For various reasons, it's almost impossible to build major new pipelines in Canada, which makes Enbridge's existing asset base all the more valuable.

Investors have to remember Enbridge isn't just an oil pipeline play. The company also has natural gas pipelines, oil storage facilities, and has recently made an aggressive move into wind-powered electricity generation.

This all translates into a fantastic combination of dividend growth and current yield. Shares currently pay a 6.1% yield, and management projects dividend growth could be 10% annually over the next few years.

Canadian National

The railways power Canada's economy. This alone makes them a compelling investment choice, **Canadian National Railway** ([TSX:CNR](#))([NYSE:CNI](#)) in particular.

Warren Buffett often tells investors to load up on companies with a solid moat, a competitive advantage that can't easily be taken away. With Canada's largest rail network and track leading through Chicago and down to the U.S. Gulf Coast, a competitor simply can't replicate those 20,000 track miles.

CN is also working on a new [revolutionary way to transport oil](#), which would allow the commodity to be shipped just like any other dry good and eliminate the risk of costly spills.

Some investors might not get very excited about CN's lackluster dividend, but the company is kicking

its dividend growth into overdrive. It recently announced a whopping 18% dividend increase, thereby boosting the forward yield up to almost 2%.

CATEGORY

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TICKERS GLOBAL

1. NYSE:BCE (BCE Inc.)
2. NYSE:BNS (The Bank of Nova Scotia)
3. NYSE:CNI (Canadian National Railway Company)
4. NYSE:ENB (Enbridge Inc.)
5. TSX:BCE (BCE Inc.)
6. TSX:BNS (Bank Of Nova Scotia)
7. TSX:CNR (Canadian National Railway Company)
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