



New Investors: This Sample 5-Stock Portfolio Will Set You Up for a Profitable 2020

Description

Building a portfolio requires a lot of patience, planning and critical thinking to cover all bases and ensure you have exposure to all aspects of the economy, while also having adequate diversification without being overexposed to any one industry.

Depending on your level of funds you have to invest, each investor will have the ability to have different position sizes and number of stocks in the portfolio. However, even with just a five-stock portfolio, you can start to build up a core portion of your holdings, which you can expand in the future as you save more money.

These five stocks are some of the best companies in Canada that will give you exposure to growth, income, value and some defence.

Suncor Energy Inc ([TSX:SU](#))([NYSE:SU](#))

When investing in Canadian stocks, you need to have some energy stocks, as so much of our economy and the **TSX** is composed of energy companies. If you can pick just one energy stock, it should be Suncor.

Suncor is the best [integrated energy stock](#), and in these times of uncertainty in the oil markets and issues with takeaway capacity in Western Canada, having refining and retail operations is a huge saviour.

It pays a dividend that's highly sustainable and yields roughly 4% today.

BCE Inc ([TSX:BCE](#))([NYSE:BCE](#))

BCE will give you a solid core stock and a blue chip to own for your portfolio. The company operates in an industry that has become a necessity to our way of life. Given that it's the largest telecom in Canada

with some of the best operations, it should definitely be included as a core pillar of your portfolio.

It still has a long path of growth ahead of it as we move to 5G and as Canada's wireless network becomes more saturated.

The stock also pays a dividend yielding just under 5% that's increased often.

goeasy Ltd. ([TSX:GSY](#))

goeasy has been a great growth stock over the last few years, especially since it shifted the focus of its business more on consumer lending and less on furniture financing.

Its return on equity is roughly 25% for the trailing 12 months; in the last three years, the stock is up more than 180%.

Given its commitment to grow its loan book value and the fact the company's market cap is still just under \$1 billion, there's no reason why the growth should slow down.

Algonquin Power & Utilities Corp. ([TSX:AQN](#))([NYSE:AQN](#))

Algonquin is a great stock to hold, especially if your funds means that you have limited stocks in which to invest. The company owns utilities that will add defence to your portfolio, but it also owns renewable energy assets, one of the best growth industries.

The company is well managed with a strong balance sheet. Currently, Algonquin pays out a dividend yielding roughly 4.1%.

Equinox Gold Corp (TSXV:EQX)

Equinox — or any other [top gold stock](#) for that matter — will be the perfect hedge for your portfolio. You should always hold at least some gold exposure in your portfolio, and given where we are in the market cycle, now is the time to increase that exposure.

Equinox is the perfect stock because it's an up-and-coming gold miner that just started production in 2018. It still has another mine in development, which is expected to come online in the third quarter of 2020.

Its operations today are still impressive, however, with production in 2019 expected to be over 200,000 ounces and at strong all-in sales costs of just roughly \$950.

Bottom line

As much as having exposure to a number of industries matters, so too does having exposure to income, value and growth stocks.

These categories don't always perform equally, which is why diversification in the strategies you use

could be key to capturing more profits long-term.

This sample portfolio gives you an ideal example of all the different investing strategies while diversifying across industries. It's designed to cover all basis with just five stocks, and equal weighting across the board would yield an investor roughly 3% on the portfolio while still giving you tonnes of growth exposure and protecting your capital.

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