



The Best Stocks for Your Portfolio in 2021 and Beyond

Description

So you've saved up some money and want to invest it for a bright financial future. And you're searching for the best stocks to invest in for your portfolio right now.

There are tonnes of top stock lists out there and you get more than the number of ideas you need. Let's be honest here. When you get these lists of stocks, you don't necessarily make a connection with every single idea.

You still need to do your own research to find *your personalized list* of top stocks to buy.

Here are some tips to keep in mind when buying the best stocks for your portfolio in 2021 and beyond.

Buy stocks based on your financial goals

The problem with using "top stocks" or "best stocks" lists is that they won't all fit your financial goals, temperament, or risk tolerance. It's therefore of utmost importance that you take the time to filter these lists and don't just invest stocks blindly because they're on these lists.

Choose stocks based on your financial goals with your end goal in mind. For example, you might want to eventually earn \$3,000 a month in passive income. On a dividend portfolio with a yield of 4%, you'll need a portfolio size of \$900,000.

To get to \$900,000, you might aim to save at least \$500 a month. As well, you could focus on growing your portfolio size or [building a passive income stream](#) from day one. Of course, nothing is stopping you from using a mix of both strategies.

For a more secure start with less stress, consider building your foundation portfolio with stocks like **Fortis** and **Toronto-Dominion Bank** which have proven track records of delivering consistent value to shareholders. They have paid dividends for decades. Between the two, you can immediately secure a yield of 4.1%.

Once you've learned the ropes and built a core portfolio with [quality dividend stocks](#), you can start

exploring higher growth stocks with new money. You can try new strategies by dipping your toes with little stress because you'll always have your foundation, core dividend portfolio to fall on.

Remember to review and update your stock portfolio strategy and financial goals at least once a year. It's only natural to update them after you've gained more experience and your portfolio has grown!

Ensure your stock portfolio is diversified

Investing is a lifelong journey. As your stock portfolio grows, it will become more diversified. For example, it'd be super risky to have \$50,000 invested in one stock if your portfolio is \$100,000.

Some investors prefer starting with exchange-traded funds to ensure their investment is diversified immediately. After their portfolio grows to a certain size, they might switch to individual stocks to aim for greater income or growth.

If you choose the stock-picking route, take care not to invest in similar stocks because stocks in the same industry tend to move in tandem. The general rule is to aim to invest in top stocks that tend to move in different directions.

I'm guilty of this. So, here's a real-life example. Peers **Enbridge** and **TC Energy** looked cheap last year. So, I ended up buying shares of both.

Here's their one-year stock price chart, which clearly shows they are highly correlated.



Data by YCharts.

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Author

kayng

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