



Save Calories and Gain Income by Investing \$5/Day

Description

This is not an HR drive where you save calories and get a bonus, but a healthy alternative. Instead of buying two double-cheese burgers with \$5, invest that money in a Tax-Free Savings Account (TFSA). It will help you save some calories and gain some investment income. Now that's what you want: a flatter tummy and a heavier bank balance.

Let's burn some calories

Do you [know](#) the brain represents just 2% of your body weight but consumes 20% of your body's energy? So, put on your thinking cap and get ready to burn some calories.

If you invest \$5 a day in a TFSA, you will have \$150 at the end of every month. Aim to get a certain percentage of the average annual return. Even if your investment grows at an average annual rate of 7%, in 10 years, your \$18,150 invested capital will become \$26,000. This is if you reinvest your earnings.

Now, the next step is to get that 7% return. The most effective way to do that is through diversification. When you burn calories, you have to ensure you have a balanced diet, less fat, and more protein. Depending on your risk appetite, you have to balance your portfolio.

- Dividend stocks act like proteins that are essential to building and repairing your portfolio.
- Growth stocks act like sugar and might give you instant energy. But too much "sugar" will harm your portfolio.
- Resilient stocks act like vitamins that are needed in small quantities to keep your portfolio nourished.

Investing in dividend stocks

When looking for dividend stocks, look at the company's dividend history, cash flows, and ability to generate more cash flow in the coming 10 years.

Enbridge ([TSX:ENB](#))([NYSE:ENB](#)) is a Dividend Aristocrat with a rich history of paying incremental dividends for the last 26 years. It has survived the 2009 crisis and 2014 oil crisis. The company has managed to increase dividends at an average annual rate of 12.7% in the last decade. It is currently tackling the 2020 pandemic crisis and has increased its 2021 dividend per share by 3% while its customers are slashing dividends.

The secret behind Enbridge's dividends is its robust business model of collecting toll for transmitting oil and natural gas through its pipelines. It earns 99% of its revenue from long-term contracts that makes cash flows predictable. It is building more pipelines that could increase its cash flows and, therefore, dividends in the coming 10 years.

Investing in growth stocks

Unlike dividend stocks, growth stocks don't have a rich history but a promising future. When looking for [growth stocks](#), look at the company's competitive advantage, overall market demand for the product, and ability to grow revenue and become profitable in 10 years.

Lightspeed POS ([TSX:LSPD](#))([NYSE:LSPD](#)) is one of the best growth stocks, surging 375% since its initial public offering in March 2019. The company's omnichannel platform caters to the niche and fragmented verticals of small- and mid-sized specialty retail and restaurants. It offers inventory and order management, marketing, and payment solutions. The pandemic converted the Lightspeed platform from a nice-to-have technology to a need-to-have technology. The new norm of social distancing is making its platform sticky. Moreover, it is using its equity to acquire competitors and gain market share.

It is difficult to estimate a 10-year time frame for this young company, but there is growth potential in the next two years. It has growth potential in the retail sector during the pandemic and in the restaurant sector after the pandemic.

Investing in resilient stocks

Resilient stocks enjoy stable earnings because of their diversified revenue streams. Loss in one sector is offset by a gain in another. **Descartes Systems** is one such stock. The provider of supply chain management solutions caters to companies in different verticals like airlines and e-commerce. Last year, the e-commerce boom offset weakness in airlines and pushed Descartes stock up 30.7%.

Building a healthy portfolio with \$5 a day

Every month, if you invest \$150 in one stock, you will have exposure to all three stocks in three months. The rise and fall could balance out returns at around 7% per annum.

CATEGORY

1. Coronavirus
2. Dividend Stocks
3. Energy Stocks
4. Investing
5. Personal Finance
6. Tech Stocks

TICKERS GLOBAL

1. NYSE:ENB (Enbridge Inc.)
2. NYSE:LSPD (Lightspeed Commerce)
3. TSX:ENB (Enbridge Inc.)
4. TSX:LSPD (Lightspeed Commerce)

PARTNER-FEEDS

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