



How to Build a Diversified Stock Portfolio With \$500

Description

Did you know it only takes \$500 to build a well-diversified portfolio? Many people confuse portfolio diversification with owning multiple stocks. But if your portfolio can't maximize your returns and hedge you against inflation, there is no point in diversifying. Think of it like this: you like sweets, but you eat only sweets in different forms, like a chocolate bar, a pastry, or hot chocolate. There will come a time you will crave water or black coffee.

My \$500 TFSA portfolio

Similarly, a diversified portfolio is a blend of ETFs, dividend stocks, growth stocks, value stocks, and speculative stocks. And you can get this combo pack for \$500. Here are five top TSX stocks trading under \$50 for your \$500 Tax-Free Savings Account (TFSA) portfolio.

The technology ETF

The [ETF](#) is the best way to get exposure to a commodity or a sector for a cheap price. **iShares S&P/TSX Capped Information Technology Index ETF** ([TSX:XIT](#)) has 21 tech stocks. These stock holdings are a combination of software and hardware, small cap and large cap, and are resilient to high-growth shares. As midcap shares become large-cap shares, like **Shopify**, it gets a larger portion of the holding.

The pandemic-induced tech stock rally drove XIT's last year returns up 70%. For less than \$47 per unit, you can get exposure to the price fluctuations of all tech stocks. The ETF can help you outperform the market if the sector outperforms. With the upcoming trend of e-commerce, 5G, artificial intelligence, blockchain, and cloud computing, Canadian tech stocks are on the path to outperform the market.

Enbridge stock

Accumulating all your investments in one sector could put you at high risk if things go south. Hence, you need an escape plan, and dividend stocks like **Enbridge** ([TSX:ENB](#))([NYSE:ENB](#)) provide you with that.

Enbridge has built large infrastructures like buildings, pipelines, and network towers. You don't see 10 different pipelines on the same route, as they entail huge development and maintenance costs. Enbridge's capital-intensive infrastructure helps it dictate prices and monetize on every project for years.

That is what Enbridge has been doing for over 60 years with its largest pipeline infrastructure in North America. It has been increasing its dividend per share at an average annual rate of 10% for [26 years](#). With Enbridge stock, you can lock in a 7.2% dividend yield for less than \$47.

Dye & Durham stock

Dye & Durham ([TSX:DND](#)) launched its initial public offering last year and is currently in a high-growth phase. It is another cloud-based software service platform that has immense potential to scale and gain market share. The platform provides business professionals access to public records and government registry data. It is seeing strong demand for its platform as companies go digital.

In less than a year, the stock has surged 190% and is currently down 19% from its February peak of \$52.6. Buying the dip and holding it for the long term can give you triple-digit growth in two to three years.

BlackBerry stock

BlackBerry ([TSX:BB](#))([NYSE:BB](#)) is riding its strength and trying to make its mark in the endpoint security space. It is well placed to tap the internet of things and the electric/autonomous vehicles (EV/AV) revolution. However, the company is going through a bad phase, as the pandemic and chip supply shortage has impacted auto demand. Its fiscal 2021 revenue fell 15%. But the recovery is in the cards. This is the right time to buy a value stock like BlackBerry with significant growth potential.

Hive Blockchain stock

If you want to take advantage of the Bitcoin hype, **Hive Blockchain Technologies** ([TSXV:HIVE](#)) is the stock for you. It is one of the oldest crypto miners and has ample BTC and Ethereum reserves, which it can sell at any time. Its stock surges when crypto prices rise, giving you exposure to the speculative crypto wave.

The secret to a winning portfolio

Even the dividend-loving [Warren Buffett](#) diversified his portfolio beyond banks and energy stocks into technology. Be it cloud, fintech, or e-commerce, **Berkshire Hathaway** has a small stake in each sector. It is tapping the high-growth potential of tech while securing dividends from banks and energy stocks.

CATEGORY

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

TICKERS GLOBAL

1. NYSE:BB (BlackBerry)
2. NYSE:ENB (Enbridge Inc.)
3. TSX:BB (BlackBerry)
4. TSX:DND (Dye & Durham Limited)
5. TSX:ENB (Enbridge Inc.)
6. TSX:XIT (iShares S&P/TSX Capped Information Technology Index ETF)
7. TSXV:HIVE (Hive Blockchain Technologies)

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