



5 Top Stocks to Build a Market Portfolio That Outperforms

Description

The stock market tends to give better returns, yet many people lose in stocks. It is because of the temptation to cash out. In his 2020 [investor letter](#), Warren Buffett wrote, “Indeed, a patient and level-headed monkey who constructs a portfolio by throwing 50 darts at a board listing all of the **S&P 500**, will – over time – enjoy dividends and capital gains, just as long as it never gets tempted to make changes in its original “selections.”

Building a market portfolio that outperforms

Buffett has a good deal of wit, but he also says to invest in a stock that you would want to stay invested in for 10 years. This means pick a stock based on a business you believe will still be there and even grow in 10 years. To build an outperforming portfolio, you need a good chunk (20-40%) of growth stocks (with over 20% upside) and dividend stocks (with over 4% dividend yield). Also, you can add a small amount (2-4%) of speculative stocks to the mix as a booster.

Here I bring five stocks that can help you outperform the market.

Magna stock

Magna International ([TSX:MG](#))([NYSE:MGA](#)) is in a long-term uptrend as it focuses on electric and autonomous vehicles (EV/AV). The stock has achieved its 10-year growth (2010-2020) in the last year and is still growing. The pandemic slowed EV sales, but as the economies reopen the demand is rising.

Magna is constantly adding more partners for whom it can manufacture EVs and supply components. It is also eyeing a manufacturing contract for **Apple's** future car. And when EV momentum slows, AV momentum will pick up. Magna will be among the very few third-party manufacturers, having the technical expertise to build AVs. It is a stock you would want to hold till 2030 and beyond.

BlackBerry stock

BlackBerry ([TSX:BB](#))([NYSE:BB](#)) is an underdog many investors buy only when the stock rises. But do you know it surged 22% year to date and 63% in 12 months? And this growth does not include January's short squeeze mania. Prem Watsa sees the stock's growth potential and has therefore made it his second-largest holding.

BlackBerry will be one of the beneficiaries of the EV/AV wave. Its QNX and IVY platforms make vehicles smart, in the same way, Android makes your phone smart. Moreover, governments, financial, and healthcare companies use BlackBerry's endpoint security solutions. As embedded devices become more functional, demand for BlackBerry products will increase.

Lightspeed stock

Another splendid growth stock is **Lightspeed POS** ([TSX:LSPD](#))([NYSE:LSPD](#)), which surged six-fold in two years and is now seeing some correction. This retail and restaurant omnichannel commerce platform is giving a new direction to immerse commerce. Its point of sale (POS) platform is empowering small- and medium-sized local stores to compete with multinationals. Many stores are realizing the potential and subscribing to the platform. Lightspeed is also scaling geographically and across different verticals through acquisitions.

Don't look at the current slowdown in growth. This is seasonal. As the holiday season nears, Lightspeed stock will surge to unprecedented levels. This stock is a buy and hold for the long term.

BCE stock

While growth stocks give goods returns, they have a high risk of a downside. You can balance it with a dividend stock like **BCE** ([TSX:BCE](#))([NYSE:BCE](#)). BCE has Canada's largest telecom infrastructure. It has been providing Canadians with broadband and using the subscription money to give dividends to shareholders. It has increased its dividend at an average annual rate of 6.4% and currently offers a 5.9% dividend yield.

BCE is investing aggressively in [5G](#), and this technology will make AV and embedded device proliferation a reality. BCE will strengthen the 5G infrastructure and lead the way for BlackBerry and Magna to grow. It might also increase its dividend growth rate as it realizes 5G gains.

Hive

If you are seeking adventure, you can invest 2% of your portfolio in **Hive Blockchain Technologies** ([TSXV:HIVE](#)). The Bitcoin mining firm is a way to get exposure to crypto-mania. In the latest crypto-mania, the stock surged over 580% between October 2020 and May 2021. In the 2017 BTC frenzy, the stock surged 1,800%. But all these gains vanished when the crypto bubble burst in 2018. With Hive, only invest what you can afford to lose.

CATEGORY

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TICKERS GLOBAL

1. NYSE:BB (BlackBerry)
2. NYSE:BCE (BCE Inc.)
3. NYSE:LSPD (Lightspeed Commerce)
4. NYSE:MGA (Magna International Inc.)
5. TSX:BB (BlackBerry)
6. TSX:BCE (BCE Inc.)
7. TSX:LSPD (Lightspeed Commerce)
8. TSX:MG (Magna International Inc.)
9. TSXV:HIVE (Hive Blockchain Technologies)

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Author

pujatayal

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