



4 Stocks for a Diversified Growth Portfolio

Description

Diversification is one of the best ways to protect your portfolio against market protection. It doesn't diminish the risk each stock carries, but it can be a powerful shield against sector fluctuations.

In times of [market crashes](#), even if some of your stocks hit rock bottom, others might only dip a little bit. This keeps the average portfolio dip at a minimum. While diversification is important for dividend and growth portfolios, its impact is most obviously seen and felt on growth stocks.

So, if you are planning on adding a few growth stocks to your portfolio this June, it might be a good idea to keep diversification in mind right from the beginning.

A real estate stock

FirstService ([TSX:FSV](#)) is a [relatively unique](#) real estate stock. It's a leader in essential outsourced property services in both the country and the U.S. and caters to the real estate industry through two operational segments, one is the largest manager of residential services, and the other takes care of essential services.

Thanks to its well-balanced service portfolio, a powerful presence in North America, and a dominant position in its specific niche market, FirstService is one of the most powerful growth stocks in the sector. The stock has returned over 240% to its investors in the last five years, and the growth has been very consistent and stable. It's quite overpriced at the moment.

An energy stock

If you are looking for something with similar growth potential and a much more attractive valuation, **TerraVest Industries** ([TSX:TVK](#)) might fit the bill. The stock is currently trading at a price-to-book multiple of 2.3 times and a price-to-earnings multiple of 8.8, making it significantly more attractive compared to FirstService. But with a 27.45% five-year CAGR, its growth potential is in the same range.

Despite being an energy stock, it's not as exposed to the oil prices and general dynamics of the energy sector as stocks associated with refining and transporting the "black gold." TerraVest creates storage and transportation vessels for various hydrocarbon liquids.

A transportation stock

Railways might seem old school to many, but when it comes to capital-growth prospects, an old company like **Canadian Pacific Railway** ([TSX:CP](#))([NYSE:CP](#)) might actually be gold. This Calgary-based railway has been operating for about 140 years and offers both transpiration and cargo services. CP's network is quite extensive and includes some of the shortest routes between five major destinations.

CP's competitive advantage also makes it an attractive growth stock. It has a five-year CAGR of 24.6%. That's enough to double your capital (if the company can sustain this growth rate) in fewer than five years. The company is quite expensive from a price-to-book perspective (8.3), although its price-to-earnings multiple is just reasonably high.

A bank stock

Canadian bank stocks are stable and [reliable dividend](#) payers, but **National Bank of Canada** ([TSX:NA](#)) is also an amazing growth stock. While 2021 has been especially good for the bank, it has been a steady grower for the past five years. It's also a Dividend Aristocrat and offers a modest yield of 3%.

National Bank of Canada has a very decent national footprint, though over 50% of its revenue is generated from Quebec alone. Its international exposure and presence are limited compared to others in the Big Five, but it's sizeable enough to provide a financial hedge against local headwinds. The bank is financially stable and an ideal stock to hold for the long term.

Foolish takeaway

The four stocks from four different sectors don't just have impressive growth histories, but their future prospects seem secure as well. They are financially safe, in a strong position within their sector, and have specific competitive advantages. They are ideally positioned to help you with your short-term and long-term growth goals alike.

CATEGORY

1. Bank Stocks
2. Dividend Stocks
3. Energy Stocks
4. Investing

TICKERS GLOBAL

1. NYSE:CP (Canadian Pacific Railway)
2. TSX:CP (Canadian Pacific Railway)

3. TSX:FSV (FirstService Corporation)
4. TSX:NA (National Bank of Canada)
5. TSX:TVK (TerraVest Industries Inc.)

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