



Start Investing With This 3-Stock Portfolio

Description

One of the most daunting tasks facing new investors is where to start? Should [income stocks](#) be prioritized that allow for reinvested long-term growth? Or should new investors invest in [growth-focused stocks](#) that can provide incredible long-term potential? Here's a sample three-stock portfolio to start out with that can meet both objectives.

Begin with a defensive titan

Utilities are incredibly stable investments. Specifically, the regulated contracts they are bound to can span for decades in duration. More importantly, those regulated contracts provide a recurring and stable source of revenue. That revenue gets returned to investors in the form of a dividend.

Fortis ([TSX:FTS](#))(NYSE) is one of the largest utilities on the continent. The company has operations in Canada, the U.S., and the Caribbean. Fortis's insatiable appetite for growth sets it apart from its peers and has helped the company expand rapidly.

That expansion has also fueled Fortis's incredibly stable dividend. The company has provided annual upticks to its dividend for well over four decades. This makes the company a perfect buy-and-forget candidate that can provide growth and income to your three-stock portfolio.

The current yield works out to 3.6%, and Fortis is on track to continue annual bumps for the next several years, pushing the company well over the 50-year mark of consecutive annual increases.

Add a juicy dividend from a big bank

It would be impossible to mention a four-stock portfolio for new investors to start from without mentioning one of Canada's big banks. Canada's big banks offer superb growth, handsome income-earning potential, and stability.

One such bank for investors to consider is the **Canadian Imperial Bank of Commerce** ([TSX:CM](#))([NYSE:CM](#))

). CIBC is neither the largest nor the most well-known of the banks but does offer a balanced approach that offers both growth and income-earning potential.

In terms of income, CIBC provides investors with a healthy quarterly dividend that currently works out to a yield of 4.06%. Given a \$20,000 investment in CIBC, investors will earn just over \$810 in the first year.

Reinvesting those dividends until needed will provide ample long-term growth for decades. This makes the bank a great option for any long-term three-stock portfolio.

End with some renewable energy

This list started with a defensive titan in the utility space. **TransAlta Renewables** ([TSX:RNW](#)) is another intriguing option to add to your four-stock portfolio. Unlike its fossil-fuel burning peer noted above, TransAlta operates an all-renewable portfolio. The company has facilities located across Canada, the U.S., and Australia, with a diversified mix of technologies.

Why invest in TransAlta? TransAlta checks all the same boxes as Fortis above but also offers two additional advantages.

First, by having an all-renewable portfolio, TransAlta is at an advantage over its fossil-fuel-burning peers. While traditional utilities are investing billions to transition to renewables, TransAlta can invest in long-term growth.

The second difference to note is TransAlta's dividend. Unlike the other companies on this list, TransAlta offers a monthly distribution. The current dividend works out to an impressive 4.5% yield, translating into one of the better-paying returns on the market.

More importantly, new investors that opt to reinvest those dividends will quickly generate a juicy income stream.

Your three-stock portfolio starts now

No investment is without risk. That being said, the stocks noted above can all boast some defensive appeal in their respective areas. In other words, buy them, hold them and start your three-stock portfolio.

CATEGORY

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2. Dividend Stocks
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TICKERS GLOBAL

1. NYSE:CM (Canadian Imperial Bank of Commerce)
2. NYSE:FTS (Fortis Inc.)

3. TSX:CM (Canadian Imperial Bank of Commerce)
4. TSX:FTS (Fortis Inc.)
5. TSX:RNW (TransAlta Renewables)

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