



Retirement Planning: 3 Diversified Stocks for a Healthy Portfolio

Description

Retiring rich and retiring healthy are two of the most common retirement dreams, and ironically, both require you to start planning two, three decades ahead of retirement. If you start focusing on your health and your retirement nest egg when you are in your early thirties and make good lifestyle and financial decisions (including investment), you might get to really enjoy your golden years.

One good investment decision you can make for your retirement is to create a diversified portfolio.

A banking stock

Banks are safe and boring, but when it comes to retirement planning, boring is not necessarily bad. Safe and predictable bank stocks that offer amazing long-term potential can be a boon for your portfolio, and **National Bank** ([TSX:NA](#)) is [one bank stock](#) that should be on every Canadian investor's stock. Even before the pandemic, National Banks was one of the best growth stocks in the sector (at least in the last five years).

But even if you look into its growth history over decades (and hope that it will repeat the pattern in the future), it can be counted among the top growth stocks in the banking sector. Currently, the bank is enjoying the amazing growth momentum that has pushed the banking sector to new heights. But it has also pushed the yield down the 3% mark.

So now might not be a great time to buy. You might consider waiting for the stock to fall near its pre-pandemic valuation and the yield to go up to 4% or more (ideally).

A train stock

The railway industry in Canada only has two major players, and the better growth stock out of the two is **Canadian Pacific** ([TSX:CP](#))([NYSE:CP](#)). This transportation giant is currently offering a 10-year CAGR of 24.7%, which is significantly higher than what the **Canadian National Railway** offers. Canadian Pacific also offers slightly better value, albeit a very small yield (0.88%).

The company has recently won a deal from its Canadian rival and has bought the U.S.-based **Kansas City Southern** for about US\$31 billion (including debt). This acquisition has made CP the first-ever company to own a single-line rail network from Canada to Mexico. The acquisition hasn't done much for the stock, which is still slumping, but you might consider buying it before market attention sends the stock skyrocketing.

A telecom stock

TELUS ([TSX:T](#))([NYSE:TU](#)) is one of the three [telecom giants](#) in Canada, and if you are seeking capital growth prospects, it's also probably your best bet (at least among the three). The telecom business has been buzzing with the 5G and exciting new business opportunities the technology was expected to bring.

While TELUS doesn't really stand out from the crowd with it comes to 5G, it's still a major 5G stock in Canada and might soar as the technology gains more traction.

There is a lot of speculation around Canada allowing or banning Huawei into the country, and the decision can have a significant impact on Canadian telecom stocks. Still, as a long-term stock, TELUS is a great buy. It offers a juicy 4.5% yield with a 10-year compound annual growth stock (CAGR) of 12.4%, which, while not rare, is a very powerful combination, especially if you plan on holding on to it for decades.

Foolish takeaway

Diversification is not about buying a little bit of everything. It's about the concentration of your capital. If you have a hundred different stocks in your portfolio, but 50% of your capital is tied to one or two major stocks (regardless of the sector), that wouldn't be a healthily diversified portfolio. Spreading your cash around and into Dividend Aristocrats like these three and buying when they are [undervalued](#) could do wonders for your portfolio.

CATEGORY

1. Bank Stocks
2. Dividend Stocks
3. Investing

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2. NYSE:TU (TELUS)
3. TSX:CP (Canadian Pacific Railway)
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5. TSX:T (TELUS)

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