



5 Stocks to Create a Diversified Portfolio

Description

Is your portfolio diversified? Finding that [perfect mix](#) of investments can take a considerable amount of time. Fortunately, there is no shortage of stocks to help build a diversified portfolio.

Here are five to consider.

Stock #1: A defensive core

At the core of every diversified portfolio should be a defensive stock that can cater to growth and income. That stock is **Canadian Utilities** ([TSX:CU](#)).

As a utility, Canadian Utilities generates a reliable and recurring revenue stream. That revenue stream is backed by regulatory contracts, which also translates into a juicy dividend. With a yield of 4.73%, the stock is hard to ignore.

Speaking of which, that dividend is on the verge of attaining 50 consecutive annual releases and becoming the only Dividend King in Canada. That may be reason enough to buy the stock as part of your diversified portfolio, but there's still more.

The defensive nature of a utility stock is off the scale. Unlike other necessities like groceries, people can't opt for a more cost-effective service.

Stock #2: Cater to technology

Speaking of necessities, the need for a stable and reliable internet connection has soared since the pandemic began. With more people working from home than ever, this elevates that need.

That's part of the reason why investors need a telecom stock such as **Rogers Communications** ([TSX:RCI.B](#))([NYSE:RCI](#)). Not only is Rogers one of the largest telecoms in the country, but the company is also prioritizing slashing debt and investing in new initiatives. This means that the company

is foregoing the scheduled annual bump to its dividend for less-frequent increases.

Still, the 2.92% yield offered is a decent return from a very defensive business.

Stock #3: Renewable energy

One of the biggest changes in the market in the past decade comes from renewable energy. The need to transition to cleaner energy in everything from electricity generation to automobiles has never been clearer.

To that end, **TransAlta Renewables** ([TSX:RNW](#)) is a unique opportunity to consider. The company boasts a renewable portfolio of facilities across Canada, the U.S., and Australia. Additionally, it's worth noting that those facilities are bound by the same long-term regulatory contracts that make traditional utilities so popular.

That stability also means that investors can reap the reward of its monthly dividend, which currently works out to a juicy 5.17% yield.

Stock #4: Another necessity

I've already mentioned above that we need electricity and devices to work and play. On a more basic level, we need food. And that food stock to consider for your diversified portfolio is **Loblaw Companies** ([TSX:L](#)).

Loblaw is the largest grocer in Canada, with a dizzying array of brands. The company also operates the largest pharmacy network in the country through its Shoppers Drug Mart brand. In short, Loblaw provides a necessary service.

That's not to say Loblaw isn't involved in other areas of the economy. The company also boasts health, beauty, financial services, and apparel segments. Make no mistake; Loblaw is an established titan across Canada that would do well in any well-diversified portfolio.

Also noteworthy is that Loblaw provides a quarterly dividend to investors. The 1.32% yield is not the highest on the market, but it is stable and has a history of increases.

Stock #5: Banking on growth

Toronto-Dominion Bank ([TSX:TD](#))([NYSE:TD](#)) is the last stock to add to any diversified portfolio. TD is one of the largest banks in Canada and is rapidly becoming one of the largest in the U.S.

Following the Great Recession, TD acquired several banks on the U.S. coast. That network now stretches from Maine to Florida. The bank recently announced the acquisition of First Horizon in the U.S., which will add another 400 branches to its network.

For a segment that posted a 27% year-over-year improvement to \$1.27 billion in the last quarter, TD's U.S. arm is something to watch.

Throw in TD's appetizing 3.49% yield, and you have the perfect stock for your diversified portfolio.

Create your diversified portfolio

No stock is without risk. Fortunately, the five stocks above are unique and worthy of any diversified portfolio. Buy one or all of them and [watch your portfolio grow](#).

CATEGORY

1. Investing
2. Stocks for Beginners

TICKERS GLOBAL

1. NYSE:RCI (Rogers Communications Inc.)
2. NYSE:TD (The Toronto-Dominion Bank)
3. TSX:CU (Canadian Utilities Limited)
4. TSX:L (Loblaw Companies Limited)
5. TSX:RCI.B (Rogers Communications Inc.)
6. TSX:RNW (TransAlta Renewables)
7. TSX:TD (The Toronto-Dominion Bank)

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