



Looking for a Diversified Portfolio? Start Here

Description

When [new investors](#) begin the process of investing, it can be an overwhelming task. Finding the right mix of income and growth stocks takes time and plenty of patience. Establishing a diversified portfolio can be quick and easy.

Here are some great stocks to consider starting off with.

Start with some buy-and-forget stocks to supercharge growth

New investors will often be dismissive of dividend stocks, instead gravitating towards growth picks. What that approach disregards, however, is how to use that income to accomplish that growth.

Let's take **Bank of Montreal** ([TSX:BMO](#))([NYSE:BMO](#)) as an example. BMO is one of Canada's big banks and the oldest dividend stock in the country. The bank is actively expanding its international presence in the U.S. market. A key example of this is the US\$16.3 billion purchase of Bank of the West announced late last year.

BMO's dividend currently works out to an appetizing 4.33%. This means that a \$30,000 investment will generate an income of just shy of \$1,300. That income can grow further if reinvested until needed.

The same could be said of another great dividend stock, **TransAlta Renewables** ([TSX:RNW](#)).

TransAlta operates a portfolio of renewable energy facilities located across Canada, the U.S., and Australia. The facilities follow the same business model as traditional utilities do. In other words, they offer a reliable revenue stream, which, in turn, translates into a juicy monthly dividend.

Renewable energy stocks such as TransAlta have a unique advantage over their traditional utility peers. They aren't straddled with massive transition costs. Instead, those funds can be reinvested into growth.

In terms of a dividend, TransAlta offers a yield of 5.80%. Using that same \$30,000 example, an

investment in TransAlta will provide a healthy monthly income of \$145. As with BMO, reinvesting until needed is the way to go.

Add some solid growth stocks, too

To continue building that diversified portfolio, let's add a few growth-focused stocks like **Alimentation Couche-Tard** ([TSX:ATD](#)) and **Dollarama** ([TSX:DOL](#)).

Couche-Tard owns and operates one of the largest convenience store and gas station networks on the planet. The company boasts over 14,000 locations scattered across 26 countries.

Convenience stores are unique options that are frequently dismissed by investors. This is partly because these stores and gas stations aren't destinations that people plan to visit, but rather do so out of necessity. That necessity makes Couche Tard a solid option for any diversified portfolio.

Also worth noting is that Couche-Tard has taken an aggressive stance toward expansion. The company has acquired and then integrated a number of smaller peers throughout the years. At each step, Couche-Tard has managed to rebrand those new locations, weaving them into the company's core branding.

Dollarama is another intriguing growth stock. The company operates the largest dollar store network in Canada, with a growing presence in every province. Further to this, Dollarama has also expanded into several Latin American countries under its Dollar City brand.

Dollar stores are great businesses to invest in. They thrive during market pullbacks and have excelled during recessionary periods. Part of the reason for that is that consumers seek out more frugal options during down periods.

Dollarama's unique pricing model coupled with its bundling of several products into a single price point make it an appealing option to value-seeking shoppers.

Final thoughts

No stock is without risk, and that includes the four stocks mentioned above. Fortunately, in the case of the above four, they are leaders in their respective segments and offer some defensive appeal.

In my opinion, one or all of these stocks should form part of any diversified portfolio.

CATEGORY

1. Investing
2. Stocks for Beginners

TICKERS GLOBAL

1. NYSE:BMO (Bank of Montreal)
2. TSX:BMO (Bank Of Montreal)
3. TSX:DOL (Dollarama Inc.)

4. TSX:RNW (TransAlta Renewables)

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