The 5-Stock Growth and Income Portfolio

Description

New investors often struggle with where to start. Should income come first or growth? And how many stocks do you need? There's no simple answer for any of those questions, but there are, fortunately, plenty of options to consider. Some of the examples to consider are in the five-stock growth and income portfolio outlined below.

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1. Start easy and earn easy

The first option to consider in your five-stock growth and income portfolio is **Enbridge** (TSX:ENB)(NYSE:ENB). Enbridge is one of the largest energy infrastructure companies on the planet.

A big part of Enbridge's operation is its pipeline business. In short, the company operates a massive pipeline network that transports nearly one-third of the crude produced in North America. Enbridge also transports one-fifth of the natural gas consumed in the U.S.

The business operates like a toll-road network, generating revenue for the company. This, in turn, allows Enbridge to pay out a juicy 6.02% yield on its quarterly dividend.

If that's not enough, prospective investors should note that Enbridge operates other segments. Examples of this include a growing renewable energy business and operating the third-largest natural gas utility in North America.

2. Bank on success (and dividends)

Let's turn to Canada's big banks as a second option for your five-stock growth and income portfolio. Specifically, let's mention **Canadian Imperial Bank of Commerce** (TSX:CM)(NYSE:CM).

CIBC operates a profitable and mature domestic segment in Canada as well as a growing international segment. That international expansion is focused on the U.S. market, primarily the 2016 multi-billion-dollar deal for PrivateBancorp.

As an income stock, CIBC boasts a quarterly dividend that carries a 5.17% yield. This pits CIBC as one of the better-paying big banks with plenty of upside. Part of that upside stems from the fact that the bank trades at a discount right now. Specifically, the P/E is just 9.21 as of the time of writing, and the current stock price of $65 is far below the 52-week high of $83.75.

3. Turn up the growth (and heat)

Utilities are stellar investment options for any portfolio. The only problem is that traditional utilities are seen as too focused on fossil fuels. This means that as countries transition over to renewables, these traditional utilities are left with massive transition costs that can hinder long-term growth.

This is where the appeal of **TransAlta Renewables** (TSX:RNW) comes into play. TransAlta operates a renewable portfolio of investments scattered across Canada, Australia, and the United States. In other words, TransAlta is already at the point that traditional utilities are trying to reach.

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This means that TransAlta can invest in growth initiatives and its dividend. That dividend, which is paid out on a monthly cadence, works out to an impressive yield of 5.31%.

4. Find a home for your investment

Canada's real estate market is still white hot, despite the steep interest rate hikes we've seen this year. This not only prices first-time buyers out of the market, but also makes it difficult for would-be landlords to purchase an investment property.

Fortunately, there is hope. **RioCan Real Estate** (TSX:REI.UN) is one of Canada's largest REITs. RioCan's portfolio is predominately commercial and retail, but that allocation is shifting. The REIT is investing in mixed-use properties that include residential and retail units.

The properties are situated in Canada's major metro areas along main transit lines. This makes them in demand, well diversified, and a huge source of long-term growth for investors.

Would-be landlords can also get a juicy distribution, much like a landlord's rent (only much more diversified). The current yield works out to a solid 5.00%.

5. Watch your data and dividends grow

Rounding out the list of your five-stock growth and income portfolio is **BCE** (TSX:BCE)(NYSE:BCE). BCE is one of the largest telecoms in Canada. Like utilities, telecoms are incredibly stable and defensive investments.

That defensive appeal has only increased since the pandemic started as more of us work and study remotely now.

Turning to dividends, BCE boasts over a century of dividend payments without fail. The current quarterly dividend on offer is a juicy 5.81%, making it one of the better-paying options on the market.

CATEGORY

1. Investing
2. Stocks for Beginners

TICKERS GLOBAL

1. NYSE:BCE (BCE Inc.)
2. NYSE:CM (Canadian Imperial Bank of Commerce)
3. NYSE:ENB (Enbridge Inc.)
4. TSX:BCE (BCE Inc.)
5. TSX:CM (Canadian Imperial Bank of Commerce)
6. TSX:ENB (Enbridge Inc.)
7. TSX:REI.UN (RioCan Real Estate Investment Trust)
8. TSX:RNW (TransAlta Renewables)

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