



Building a portfolio – 3 Stocks at a Time

Description

Finding that perfect mix of stocks takes time. It can mean the difference between retiring early or needing to work for several years longer. To help you build a portfolio that will meet your retirement goals, here are three investments to consider today.

First: volatility can be a good thing. Bank on it.

One of the first things that prospective investors should be aware of is that volatility isn't always a bad thing. In fact, the volatility we've seen for much of 2022 has discounted some stellar long-term picks. This creates a perfect buying opportunity for long-term investors.

One of the first items on our portfolio shopping list is **Bank of Montreal** ([TSX:BMO](#))([NYSE:BMO](#)).

Canada's [big banks](#) are ideal pillars to build a portfolio around. In short, they offer growth, juicy dividends, and most importantly, stability.

BMO is the oldest of Canada's big banks. It has paid out dividends and weathered every financial crisis the market has thrown at it for almost 200 years. In fact, BMO and its peers always emerge from market slowdowns in much better shape than their U.S.-based peers.

Speaking of the U.S. market, BMO is currently expanding its U.S. presence. Specifically, the deal to acquire Bank of the West will expose BMO to multiple new state markets. By extension, that will allow BMO to continue paying out its juicy quarterly dividend which currently carries a yield of 4.35%.

Second: look to where there is growth!

[Renewable energy](#) remains one of the biggest opportunities for investors. While traditional utility stocks are burdened with massive transitional costs to enter this market, some companies are already there.

TransAlta Renewables ([TSX:RNW](#)) is a perfect example of this. TransAlta boasts an all-renewable

portfolio of facilities that are scattered across Canada, the U.S., and Australia. Those facilities are also comprised of different renewable energy types, including solar, wind, hydro, and gas.

Prospective investors should note that renewable energy stocks like TransAlta adhere to the same lucrative business model that traditional utilities follow. However, because TransAlta is already renewable, the company can invest primarily in growth and continue paying out its juicy dividend.

That dividend, which is paid out on a monthly cadence, works out to an attractive yield of 5.59%. To put it another way, a \$40,000 investment in TransAlta will generate a monthly income of just over \$186.

Oh, and let's not forget that like much of the market, TransAlta is down over 11% year-to-date. For investors who are building a portfolio, TransAlta is a solid pick that can be purchased at a discount right now.

Third: don't forget to eat!

Banks and utilities are great, but prospective investors often forget about the stocks that we interact with daily and that provide us with consumer staples including food.

And that's precisely why **Metro** ([TSX:MRU](#)) is another great stock to build your portfolio. Metro also happens to be one of the few stocks on the market that is still in the black year-to-date.

Metro operates one of the largest grocery and pharmacy networks in Canada. Their grocery network includes stores predominately located in Québec and Ontario under a variety of brand labels. The pharmacy network comprises the Jean Coutu brand located throughout Québec.

During market slowdowns, grocers often come out stronger. Consumers still need to purchase food, but may opt for lower priced options. Plus, people that would normally dine out will consider shopping at grocery stores instead to save money.

Either way, the defensive appeal of a grocer as a long-term investment is off the charts. And that's without even considering Metro's dividend.

Metro has provided investors with an annual uptick to its quarterly dividend for nearly three decades without fail. The current yield works out to a respectable 1.54%.

Final thoughts

No investment is without risk. That's why the importance of diversifying cannot be stressed enough, especially during a market slowdown. Fortunately, the three stocks mentioned above offer some defensive appeal, making them stellar options to build a portfolio for the long-term.

Buy them, hold them, and watch them grow.

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2. TSX:BMO (Bank Of Montreal)
3. TSX:MRU (Metro Inc.)
4. TSX:RNW (TransAlta Renewables)

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Author

dafxentiou

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