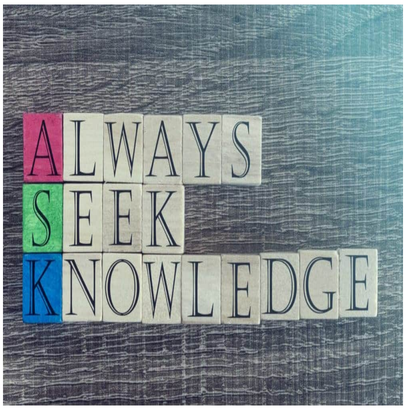

5 Ways to Declutter Your Portfolio for a Minimalist 2019

Description

It's all too easy to end up with a fragmented and messy series of investment accounts. Over time, there are so many different strategies and themes that come and go, all leaving behind bits and pieces that are easily forgotten or ignored.

But 2019 need not be another year of complacency; with a new year comes a fresh opportunity to clean up your portfolio! A little decluttering and a touch of minimalism can refocus your investments, so they are more purposeful and less stressful to manage going forward.

Here are five ways to tidy up your portfolio for 2019.

1. One account to rule them all

The average Canadian had 1.4 TFSAs in 2016, which is likely 0.4 more than anyone really needs. Consider merging multiple RRSP, RESP, or taxable investment accounts, where additional accounts don't have a clear reason for being differentiated.

There are a number of reasons why this simple approach is useful. First, fewer statements — that means less math, less paper, and fewer emails. Second, a clearer picture of what each type of account is attempting to achieve, be it growth, income, or tax effectiveness. Lastly, the ease of having everything all in one place cannot be overstated when looking at allocation, performance, and more.

2. Spring cleaning in the winter

35 random shares of stock "XYZ" kicking around? Have a couple holdings that have done nothing and gone nowhere for far too long? Can't bring yourself to unload that stinker that you've been hoping will one day rebound?

Maybe it's time to clean house.

As much as we want to divorce emotion from our investing decisions, there's a lot of relief that can come from finally moving past previous investments and saying a last goodbye.

Getting rid of some low-quality underperformers and small positions that will never make a material difference can go a long way toward freeing up some cash and beginning again on a hopeful trajectory.

3. Don't ditch those mutual funds (or maybe find comparable ETFs)

Cutting fees and costs has been a major trend in investing as of late, perhaps to the detriment of many investors who got along perfectly well owning basic balanced funds.

There is a lot to be said for having a straightforward instant portfolio that does it all, from fixed income to equities. So much so, in fact, that Vanguard has launched three ETFs in Canada that combine old-school mutual fund simplicity with new ultra-low cost appeal.

Vanguard's **Balanced Portfolio** (TSX:VBAL), **Conservative Portfolio** (TSX:VCNS), and **Growth Portfolio** (TSX:VGRO), each offer a one-stop shop for investors who don't want the hassle of many discrete holdings.

At the same time, those who use the aforementioned type of product in their portfolio always have the option of having additional positions to tailor their investments to suit their goals.

4. Stop hoarding all the bank stocks

If you own more than a couple of the Big Six Canadian bank stocks, then you should consider taking a look at a long-term performance chart. Simply put, most of the banks tend to perform in line with one another, so holding them all doesn't really make much of a difference.

Absolutely dead-set on having a smattering of Canadian banks? Consider switching to a sector allocation ETF such as **Bank of Montreal's Equal Weight Banks Index** (TSX:ZEB), so you can have a single holding that lets you have a bit of all the banks while also avoiding the headache of re-balancing.

5. Bundling basics

Banks aren't the only area where folks tend to add redundant stocks — a trap that doesn't aid diversification and can quickly add confusion.

Again, using BMO's ETFs as an example, there are a plethora of sector-focused funds such as the **BMO Equal Weight REITs Index** (TSX:ZRE) and more for industrials, oil and gas, and utilities. In each case, these sorts of products can be used to take a bunch of smaller holdings and combine them into one position.

When evaluating these products, you can take a look at their holdings and compare them to your own portfolio. Oftentimes you will find overlap and sometimes even names that you were considering buying.

Conclusion

Don't conflate complexity with quality; simple portfolios can perform just as well as their more elaborate counterparts. Tidying up your holdings can help make your investments align more closely with your objectives for the coming year.

Here's to a minimalist and profitable 2019!

CATEGORY

1. Investing
2. Stocks for Beginners

TICKERS GLOBAL

1. TSX:VBAL (Vanguard Balanced ETF Portfolio)
2. TSX:VCNS (Vanguard Conservative ETF Portfolio)
3. TSX:VGRO (Vanguard Growth ETF Portfolio)
4. TSX:ZEB (BMO Equal Weight Banks Index ETF)
5. TSX:ZRE (BMO Equal Weight REITs Index ETF)

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