Buy This Mini 4-Stock Portfolio for Quality TSX Access

Description

Starter packs are available for just about every type of novice. The PC gamer usually gets a standard build — monitor, tower, keyboard — that can be added to. A home brewer can likewise pick up a still and ingredients to quickly begin their own line of quirky beverages. But investors usually have to choose from ETFs and indexes that are often too broad — or too narrow — for the market. And in today's high-volatility world, that can be something of an issue.

That's why picking the best stocks and putting them together in a kit-built portfolio is sometimes the best way to go. The trouble is that some stocks are vastly better than others — even within the same industry. Today, we will explore four stocks that can help to build a new portfolio. Covering stocks from the Big Five banks to mining to energy to supply infrastructure, here's a simple four-stock play to get investors started on multi-year wealth generation.

Mixing financials and metals stocks

While there is no such thing as a risk-free stock, **CIBC** nevertheless comes close. Rewards for investors in this blue-chip Canadian bank range from a 5.3% dividend yield (with a reasonable 71% payout ratio) to fair value and a squeaky-clean balance sheet. CIBC's P/B ratio of 1.3 times book is well in line with the sector average. Another consensus moderate buy, this rich-yielding Big Five play could have 26% upside if economic conditions improve.

Silvercorp is a relatively cheap stock with a healthy balance sheet and a reliable dividend. Throw in its access to silver, and there are a handful of reasons already to get invested. A stock that could sell for $22, this name — at $7.20 a pop — is still currently undervalued. It's fairly low risk, too, with a three-year beta of just 0.6. And despite all of this, Silvercorp could bag shareholders as much as 800% in total returns by 2026.

Two stocks to lower portfolio risk

CP Rail tends not to get the same kind of coverage as its biggest rival **CN Rail**. Regardless, CP Rail is a consensus moderate buy at the moment, yielding 0.9% and with around 14% upside potential. But outside of price targets, total returns by mid-decade could throw as much as 180% in shareholders' laps. Up 30% in 12 months, and about as low-risk as Silvercorp, the steady-rolling CP Rail has resonated with investors during the pandemic.

Fortis is renowned for its track record of dividend payments and has lost just 10% in the last 12 months. Despite being a renowned income stock, Fortis is still good value for money. Selling at 35% of its fair value derived from projected future cash flows, Fortis is a value play with solid quality indicators. While debt to equity could be lower at 1.1, a 36-month beta of 0.07 indicates a stock that doesn't budge an inch, no matter the market.

By mixing silver, banking, infrastructure, and energy, a new investor can get a quick handle on the TSX. While the investment opportunities by no means end there, this style of diversification can help to lower the risk of overexposure and capital loss.

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