



2 Growth Stocks to Build Your Portfolio Around

Description

It is often preached to diversify your portfolio. For many, this could mean investing in companies in different industries. For others, it could be investing in different countries. There are many possible ways to approach this objective. Have you ever considered diversifying in your investment strategy?

Sometimes, investors may get hung up on focusing on a very specific strategy, whether they are trying to build a dividend portfolio or trying to find the next big growth stock. However, having both kinds of companies can serve a portfolio very well. Dividend-paying companies can provide stability in a portfolio during downturns, and growth stocks can provide very good returns during bull markets.

I have previously [written about dividend companies](#), but which growth stocks do I think would serve as a solid foundation for any portfolio?

An acquisition machine

Constellation Software (TSX:CSU) is a remarkable growth company. It has grown over 200% over the past five years. That gives an average annual return of 40%, which is multitudes greater than the 6% that the S&P/TSX Composite has grown over the same period. Constellation is also sufficiently large that its stock is not as volatile as a smaller growth stock would be. That would provide additional ease to the minds of prospective investors.

The company has an interesting business. Constellation, as its name suggests, is a large group of acquired businesses which form the larger company. Since its founding, Constellation has acquired more than 260 start-ups. The company has a very focused target in the kinds of [companies it acquires](#). Once Constellation completes an acquisition, it will coach the acquired company to help it jump to the next level. Historical results have shown this to be an excellent business model.

Constellation has been listed on the TSX since 2006. Since its IPO, the company has returned over 8,000%. The company has shown no indication of a slowdown in its growth trajectory. It would be a great addition to any portfolio.

An e-commerce leader

Of course, it would be impossible to highlight Canadian growth stocks and not mention **Shopify** ([TSX:SHOP](#))([NYSE:SHOP](#)). Over the past two years, Shopify has likely been the biggest growth story to come out of Canada. Since its IPO, the company has grown over 3,000%. Considering its IPO was just over five years ago, that figure is mind boggling.

At the time of its IPO, the company had about 165,000 merchants using its platform. At the 2019, Shopify Unite conference, the company announced that the number of active merchants using Shopify had grown to over 820,000! That is almost a five times increase over a five-year span.

Shopify is constantly innovating. Whether by partnering with other companies such as **Amazon** and **Facebook** or by developing new tools such as Shopify Capital and Shopify Shipping, the company is continuing to push itself into new horizons.

This company, at the time of writing, is now the second-largest company in Canada by market cap. It seems like it still has a lot of room to grow in the future, and I think it would still be a great stock to choose as a foundational company in your portfolio.

Foolish takeaway

Diversification can mean more than choosing companies in different industries. Consider adding a couple reliable growth stocks to your dividend portfolio to better take advantage of extended bull markets. Constellation Software and Shopify would be an excellent place to start.

CATEGORY

1. Investing
2. Tech Stocks

POST TAG

1. growth
2. investing
3. long term growth
4. market
5. Shopify
6. Shopify Stock
7. Stocks
8. tech
9. tech stocks
10. technology
11. technology stocks

TICKERS GLOBAL

1. NYSE:SHOP (Shopify Inc.)

2. TSX:CSU (Constellation Software Inc.)
3. TSX:SHOP (Shopify Inc.)

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Sharewise
6. Yahoo CA

Category

1. Investing
2. Tech Stocks

Tags

1. growth
2. investing
3. long term growth
4. market
5. Shopify
6. Shopify Stock
7. Stocks
8. tech
9. tech stocks
10. technology
11. technology stocks

Date

2025/08/24

Date Created

2020/07/28

Author

jedlloren

default watermark

default watermark