



## 3 TSX Stocks to Build Your Portfolio Around

### Description

Building an investment portfolio can be a daunting task. So, the question becomes, “How can new investors decide which companies belong in their portfolio?” One way to begin thinking about it is to decide which companies play vital roles in your everyday life. Often, these are the stocks that end up becoming mega winners due to their crucial roles in their respective industries.

In this article, I discuss three **TSX** stocks to build your portfolio around.

### This company keeps the country connected

Many Canadians would probably think of their phone as something they use every day. In Canada, three companies make up 91% of the mobile network market. Of these, **Telus** ([TSX:T](#))([NYSE:TU](#)) is tied for first place as the company with the largest network coverage. In its 2020 annual report, Telus announced that it had acquired 535,000 new wireless subscribers. This represents a 5% growth, year over year.

In fact, all of the company's business lines saw continued growth with the exception of residential voice subscribers. However, with the continued move away from landlines, that shouldn't be much of an issue.

Telus stock has performed well this year, gaining more than 10% before accounting for dividends. This puts it on par with **BCE** and well ahead of **Rogers** in terms of year-to-date returns. When accounting for dividends, Telus stock has gained nearly 70% over the past five years. This represents an average annual gain of 10.9%, nearly double the performance of the broader market. Telus stock also offers investors a forward dividend yield of 4.51%, providing an additional appeal.

### Take advantage of this company's growth runway

Whenever companies with generational growth opportunities arise, it would be wise to take a small position and see what happens. Investors that got in early on **Shopify** ([TSX:SHOP](#))([NYSE:SHOP](#)) are

sitting on very nice gains today. Fortunately, Shopify still has a massive opportunity for growth in the coming years.

In its latest quarterly earnings report, Shopify reported a year-over-year increase of 110% in its quarterly revenue. This shows continued strength in its business after posting a year-over-year increase of 86% in its annual revenue in 2020.

Shopify stock has been a beast [since its Initial Public Offering \(IPO\)](#). If you had bought in right before market close on its first day of trading, your initial position would have gained nearly 4,600%. That represents an average annual gain of 88.8%, smashing the performance of the TSX over the same period.

Shopify continues to diversify its operations, which will only help the company in the future. In addition to dominating the rapidly growing e-commerce industry, Shopify is now thriving in the media production and esports markets as well.

## Choose this company for reliable growth

One of the best-performing stocks in Canada isn't that well known to those outside of the investing space. **Constellation Software** ([TSX:CSU](#)) is a company that has made many retail and institutional investors richer since its IPO. Since its first day of trading, Constellation Software stock has gained more than 8,500%. This represents an average annual gain of 38.7%. While it's true that the company's growth rate should decelerate as it continues to grow, Constellation Software still has many years of growth ahead.

Earlier this year, Constellation Software Founder and President Mark Leonard announced that the company would [stop distributing special dividends](#). While some investors may see that as a negative, Leonard said the excess funds would go toward the acquisition of large vertical market software companies.

This is a major development in Constellation's business, as it had previously focused on small- and medium-sized businesses. If successful, this could serve as a major catalyst for Constellation stock moving forward.

### CATEGORY

1. Investing
2. Tech Stocks

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## TICKERS GLOBAL

1. NYSE:SHOP (Shopify Inc.)
2. NYSE:TU (TELUS)
3. TSX:CSU (Constellation Software Inc.)
4. TSX:SHOP (Shopify Inc.)
5. TSX:T (TELUS)

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**Author**

jedlloren

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