



3 Stocks for Starter Portfolios

Description

Getting invested in the stock market is one of the best decisions you can make for your financial well-being. However, it can be difficult for [new investors](#) to know which companies are worth holding. There are also many different portfolio management strategies that investors should become aware of. In this article, I'll discuss three stocks that investors should consider buying when starting an investment portfolio.

Start by adding a blue-chip growth stock

Growth stocks can be a great way to build wealth. One thing that investors need to be wary of is the fact that growth stocks tend to be a lot more volatile than dividend companies. As such, it may be a good idea to stick with companies that have already managed to build a long history of outperformance. Take **Shopify** ([TSX:SHOP](#))([NYSE:SHOP](#)) for example. The company is a component of the **TSX 60**, an index of leading companies within Canada.

Despite already being [one of the largest companies](#) in Canada, Shopify's growth runway could still be very long from here. In Canada, e-commerce is still relatively close to its infancy compared to other developed countries. In 2019, online retail accounted for about 4% of all Canadian retail sales. By April 2020, online retail represented more than 11% of all retail sales in Canada. The pandemic has proven that consumers are capable of making that switch. The longer this pandemic runs, the better it looks for companies like Shopify.

Dividend companies can add stability to your portfolio

As mentioned previously, dividend companies tend to be less volatile than growth companies. They also tend to suffer less-severe losses during periods of downturn. Because of this, new investors would be wise to hold strong dividend companies in their portfolio. One stock that investors should consider holding is **Bank of Nova Scotia** ([TSX:BNS](#))([NYSE:BNS](#)). The company is a component of the Big Five — a group of five banks that dominates the Canadian banking industry.

Bank of Nova Scotia is a Canadian Dividend Aristocrat, having increased its dividend in each of the past nine years. This indicates that the company's management is capable of handling its capital intelligently. Bank of Nova Scotia also offers a very attractive forward dividend yield of 4.64%. As the economy continues to strengthen, companies operating in the financial sector could see a boost to their business. This is a good stock to hold over the short and long term.

Allocate a small portion of your portfolio to home-run stocks

A home run stock can be defined many different ways. To me, a home-run stock is a company that could generate a 10 times return over the next decade. While that may sound amazing, it's very hard for a company to do that. Investors should also be aware that investing in home run stocks is much riskier than investing in a blue-chip company. However, if the right stocks are chosen, then investors could see excellent returns. One potential home-run stock is **Topicus.com** ([TSXV:TOI](#)).

The reason I'm very bullish on Topicus is because of its close ties to **Constellation Software**. Topicus was a subsidiary of the larger tech company until February of this year. Both companies are acquirers of vertical market software businesses, but Topicus differentiates itself by focusing on the highly fragmented European tech industry. If Topicus can take advantage of the wealth of experience that Constellation has to offer, it could generate outstanding gains from here.

CATEGORY

1. Investing
2. Stocks for Beginners

TICKERS GLOBAL

1. NYSE:BNS (The Bank of Nova Scotia)
2. NYSE:SHOP (Shopify Inc.)
3. TSX:BNS (Bank Of Nova Scotia)
4. TSX:SHOP (Shopify Inc.)
5. TSXV:TOI (Topicus.Com Inc.)

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Quote Media
6. Sharewise
7. Smart News
8. Yahoo CA

PP NOTIFY USER

1. jedlloren
2. kduncombe

Category

1. Investing
2. Stocks for Beginners

Date

2025/08/21

Date Created

2021/10/08

Author

jedlloren

default watermark

default watermark