



## 3 Stocks to Choose When Building a Portfolio

### Description

Building a portfolio for the first time can be very exciting. There are so many stocks to research and discover. There's no doubt that an investor's first experience in the stock market can be a positive experience. However, because there are so many stocks to choose from, it can be difficult to narrow your focus on a small subset of companies. In this article, I discuss how new investors can choose stocks when building a portfolio.

### Start with a growth stock in an important industry

There's no denying that [growth stocks](#) can be more exciting than more conservative picks. Therefore, investors should look for growth stocks that have the ability to lead an important and emerging industry. Think of companies like **Amazon** in the early 2000s, or **Apple** and **Netflix** in the 2010s. These companies all showed great potential to emerge into massive companies. Today, one company that seems to shine as bright in its own industry is **Shopify** ([TSX:SHOP](#))([NYSE:SHOP](#)).

Shopify provides merchants of all sizes with a platform and all the tools necessary to operate online stores. The company's mission to "make commerce better for everyone" is embodied by its inclusive platform, which provides appropriate solutions to businesses of any size.

Yesterday, the company presented [its Q3 earnings](#). Shopify reported a 46% year-over-year increase in Q3 revenue. While this result signifies a slowdown in its overall growth, investors can't deny the fact that Shopify's growth rate is still much greater than most companies in the market. Shopify will be a top stock for years to come.

### Add stability to your portfolio using dividend companies

Once you've identified a solid growth stock to serve as the foundation of your portfolio, build a group of supporting companies that can provide stability during times of uncertainty. It's been shown that dividend stocks tend to be less volatile during market downturns. Therefore, adding several top dividend stocks to your portfolio could be a great decision. Of all the dividend stocks on the **TSX**, **Fortis**

([TSX:FTS](#))([NYSE:FTS](#)) stands out, in my opinion.

Fortis claims the second-longest active dividend-growth streak in Canada (47 years). This suggests that the company has been able to successfully navigate through the many periods of market uncertainty over the past five decades. One reason for Fortis's excellent performance may be its recession-proof business. Fortis provides 3.4 million customers with regulated gas and electric utilities. Because these services remain in high demand, regardless of economic condition, Fortis has been able to avoid significant losses during periods market downturns.

## You don't have to sacrifice growth for stability

Investors looking for the best of both worlds can find companies that offer market-beating growth in addition to the portfolio-stabilizing benefits of a solid dividend company. For example, **Brookfield Asset Management** ([TSX:BAM.A](#))([NYSE:BAM](#)) has proven to be an excellent stock to hold over the long term. Since August 1995, Brookfield stock has generated a return of more than 4,800%. This represents an average annual return of 16%. Over the same period, the TSX has generated an average annual return of 5.96%.

Brookfield Asset Management is one of the largest alternative asset management firms in the world. Through its subsidiaries, the company invests in and operates assets in the real estate, infrastructure, and utility industries. Although its business isn't the most exciting per se, Brookfield does announce exciting developments every now and then. Recently, the company announced that it would be developing North America's largest sustainable neighbourhood in partnership with **Tesla**. Brookfield is a great stock for a starter portfolio.

### CATEGORY

1. Investing
2. Stocks for Beginners

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2. NYSE:FTS (Fortis Inc.)
3. NYSE:SHOP (Shopify Inc.)
4. TSX:BN (Brookfield)
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