You Should Hold These Stocks in Your Retirement Portfolio

Description

Building a retirement portfolio as early as possible is essential if you're hoping to achieve financial independence. There are two main types of accounts that Canadians choose to open when starting a retirement portfolio: the RRSP and TFSA. The first of these accounts, the RRSP, is a tax-deferred account in which investors pay tax upon withdrawal. The second type, the TFSA, allows investors to keep all of their gains upon withdrawal.

What's important to note is that in both of these accounts, Canadians only have a certain amount of contribution room available. Even more important is that any losses you incur cannot be claimed as capital losses. Therefore, investors should be very selective about the stocks they choose to hold. Investors should look for equities that provide the potential to generate excellent gains, while not taking on very high risk. In this article, I'll discuss three stocks you should hold in your retirement portfolio.

Start with these ETFs

Investors should first start by acquiring broad market ETFs. These are often a basket of equities and thus spread out investment risk across several companies. There are many options here. One example would be **iShares S&P/TSX 60 Index ETF**. This ETF tracks the performance of the S&P/TSX 60, which gives an investor exposure to large and established companies within Canada. The ETF features companies in many different industries. Notable stocks held by this ETF include **Shopify**, **Royal Bank of Canada**, **Canadian National Railway**, and **BCE**.

Another broad market ETF that investors could consider holding in a retirement portfolio is **Vanguard S&P 500 ETF**. This ETF tracks the performance of the S&P 500, thus giving investors exposure to large and established American companies. While the TSX 60 has outperformed the S&P 500 over the past year, over the past five years, the American fund has nearly doubled the performance of the TSX 60.

You can use ETFs to increase exposure to excellent companies

Staying with ETFs for a moment, investors should note that it’s possible to increase exposure to certain companies they believe in more strongly. For example, if you decide to hold the Vanguard S&P 500 ETF but really like the future outlook for the six big tech companies, you can purchase a separate ETF to increase your weighting towards those companies. The **Evolve FANGMA Index ETF** only holds the six big tech companies. This includes **Meta Platforms**, **Amazon**, **Netflix**, **Google**, **Microsoft**, and **Apple**.

Invest in blue-chip stocks

Finally, if you’re dead set on picking individual stocks, investors should stick to blue-chip companies. A good idea would be to select a subset of the S&P/TSX 60. For example, investing in Shopify would be a great choice if you’ve got a long investment horizon and strongly believe in the growth of the e-commerce industry. Other stocks that investors should consider include **Fortis**, **Brookfield Asset Management**, and **Telus**. By focusing on a diverse group of companies, you can protect your portfolio from severe losses during market downturns.

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