



1st-Time Investors: 3 Stocks to Include in a Portfolio

Description

When [building a portfolio](#), investors should aim to become diversified in their holdings. This doesn't only mean to choose companies in different industries. Investors should also be mindful of where companies operate and of their size. In addition, investors should try to aim for a mix of growth and dividend companies in their portfolio. A well-diversified portfolio will protect investors from major losses if a certain industry or type of stock (e.g., growth vs. dividend) experiences a downturn. Here are three stocks to include in a portfolio.

Make sure the core of your portfolio is composed of these kinds of stocks

When building a portfolio, investors should first identify blue-chip companies that they are familiar with. For instance, if you bank with **Bank of Nova Scotia** ([TSX:BNS](#))([NYSE:BNS](#)), then you should be familiar with its business model. From there, you should read up on its financials, where the company operates, and its leadership team. If your research produces positive results, then it may be a good stock to consider for your portfolio.

Bank of Nova Scotia is one of the Big Five Canadian banks. Because of its leadership position within the Canadian banking industry, the company operates with a large moat. This makes it difficult for new competitors to displace the company from atop the industry. In addition, Bank of Nova Scotia is an interesting company to include in a portfolio because of its exposure to the Pacific Alliance. This provides investors with geographic diversification. Bank of Nova Scotia is an excellent blue-chip company to consider as cornerstone position in your portfolio.

Add proven growth stocks

Once you've managed to build a solid core for your portfolio, it would be a good idea to expand into larger growth stocks. For instance, **Shopify** ([TSX:SHOP](#))([NYSE:SHOP](#)) is a company that investors should consider. A global enterprise, Shopify provides a platform and all the tools necessary for

businesses of all sizes to operate online stores. Since its IPO, Shopify stock has gained more than 5,200%. The company is valued at \$235 billion.

Despite its large size, Shopify continues to grow at an impressive pace. Over the Black Friday-Cyber Monday weekend, the company recorded [US\\$6.3 billion in sales](#). That represents a 23% increase in sales year over year. To put this outstanding growth into perspective, consider that Shopify only recorded US\$2.9 billion in sales over the Black Friday-Cyber Monday weekend in 2019. Shopify is a company that has proven time and time again that it has the ability to continue growing. All investors should consider this stock for their portfolio.

Dabble in small-cap stocks

Only after you've constructed a diverse portfolio and are familiar with the stock market, should investors look into adding small-cap stocks. Generally, small caps tend to be more volatile, making them less appealing to many investors. However, they do provide excellent opportunities for growth, if everything goes according to plan for the company. **Topicus.com** ([TSXV:TOI](#)) is one stock that investors should keep on their watchlist.

An acquirer of vertical market software businesses, Topicus was once a subsidiary of **Constellation Software**. Leaning on the experience it gained from that partnership, Topicus aims to adapt the winning Constellation Software playbook to the European tech industry. As it stands, the European tech industry is highly fragmented. This makes it a ripe acquisition landscape. Since its IPO in February, Topicus stock has already gained over 70%. Yet, the company is still only valued at \$4 billion. I believe there's a large opportunity for investors here.

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1. Investing
2. Stocks for Beginners

POST TAG

1. Editor's Choice

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.)

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