Investors Should Hold These 3 Stocks in Their Portfolios

Description

It's hard to say that there exists a company that everyone should hold. However, it's true that there are a handful of companies that would make great options for a starter portfolio. Generally, these are companies that are recognizable and operate businesses that are easy to understand. In this article, I'll discuss three **TSX** stocks that investors should hold in their portfolios.

A top TSX growth stock

The first stock I believe investors should consider holding in a portfolio is **Shopify** (TSX:SHOP)(NYSE:SHOP). This will give your portfolio market-beating potential. Since its IPO, Shopify stock has gained more than 5,400%. Today, it's Canada's largest company by market cap. However, I believe it still has a lot more room to grow.

Shopify has steadily been increasing its share of the global e-commerce market over the past half decade. In Q2 2021, the company surpassed **Amazon** for the first time in terms of quarterly customer traffic. Over that period, Shopify stores averaged 1.16 billion monthly unique users. This compares to 1.10 billion monthly unique users on Amazon over the same period.

Shopify has also demonstrated its ability to continue growing despite consumers returning to physical retailers. This is a testament to Shopify's ability to land new customers like **Netflix** and the continued growth of the e-commerce industry. Shopify is a proven winner and a growth stock you should consider for your portfolio.

Provide stability to your portfolio with this company

Now that you've got a source of growth in your portfolio, it would be a good idea to pair that with a dividend stock. It's been shown previously that dividend stocks tend to be less volatile during market downturns. Therefore, allocating a fair amount of your portfolio towards these sorts of companies could help protect your portfolio from losses during a recession. Of all the dividend companies on the TSX, I favour **Fortis** (TSX:FTS)(NYSE:FTS).

The company provides regulated gas and electric utilities to more than 3.4 million customers in Canada, the United States, and the Caribbean. This reliable business allows Fortis to continue operating strongly regardless of what the economic conditions may be. As a result, the company has managed to build the second-longest active dividend-growth streak in Canada, at 47 years. This dependable dividend can be considered as an added incentive when holding Fortis stock in your portfolio.

A reliable industry

Finally, I believe all investors should hold at least one of the Big Five Canadian banks. Compared to other banking industries around the world, the Canadian banking industry is highly regulated. This makes it very difficult for new and smaller competitors to displace the industry leaders. As a result, the Big Five have become very popular stocks among Canadians. Of that group, **Bank of Nova Scotia** (TSX:BNS)(NYSE:BNS) is my top choice.

What separates this company from its peers, in my opinion, is its position within the Pacific Alliance. This is a region that economists are forecasting will grow at a much faster rate than Canada and the United States in the coming years. If that happens, Bank of Nova Scotia could see massive growth. Like Fortis, this stock also provides investors with a reliable dividend. In fact, last week, the company announced that it would be raising its dividend by 11%.

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