



Should All Canadians Own at Least 1 FAANG Stock?

Description

It's a question that many investors across the country ask: "Should Canadians hold FAANG stocks?" Before moving forward, I'll make one change. I prefer adding one more letter to that acronym, changing it to *FAMANG*. Regardless, my answer really doesn't change between the two variations. I believe all Canadians should have at least one FAMANG stock in their portfolio.

For those that are unfamiliar, FAANG (or FAMANG) refers to the American big tech companies. **Meta Platforms** (formerly known as Facebook), **Apple**, **Microsoft**, **Amazon**, **Netflix**, and **Alphabet** (otherwise known as Google).

Why should investors hold these stocks?

When I think of companies that investors should hold in their portfolio, I first ask, "Does this company operate a business that is easily understood?" For most, if not all, of these companies, the answer to that is yes. Meta Platforms provides a range of social media offerings to the public, is a source of advertisement for businesses and offers different virtual reality products. Apple, as most people should know, is the largest company in the world and has a cult-like following regarding its consumer tech products.

Similarly, Microsoft is one of the largest tech companies in the world. If you're reading this article on a computer, there's a good chance you're using Windows, which is a Microsoft product. If not, then perhaps you've used Microsoft Word, Excel, or Outlook at some point. Don't forget Microsoft is also big in the gaming world, as it owns Xbox.

Amazon is a rapidly growing company, as it continues to act as a leader within the e-commerce space. Many consumers have switched over to Amazon to purchase goods over the past year and a half due to the pandemic. Netflix provides video-streaming services to consumers. Finally, Alphabet provides a search engine used by practically everyone with an internet connection.

All six of these companies are massive in their respective industries and have businesses that are easily understood. That's a good filter to use when [trying to decide](#) whether a company belongs in your

portfolio.

What about FAMANG stock?

This year has been a wild one for growth stocks. Across the market, many growth stocks have either lost value or stayed flat this year. We can see that both Amazon (+6%) and Netflix (+13%) stock have been unable to beat the **S&P/TSX Index** this year (+18%). However, Meta Platforms (+25%), Apple (+33%), and Microsoft (+49%) have had no issues putting up market-beating returns.

If you're unsure of which company out of this group to start buying into, then it would be a good idea to dip your toes via an ETF. **Evolve FANGMA Index** is the first ETF of its kind, which holds only these six companies. Since its inception, this past May, the ETF has returned 18%.

[Buying this ETF](#) also solves two problems. First, investors don't need to worry about currency exchange fees, as the ETF trades on the TSX. Second, the ETF trades around \$12. That makes it a lot more affordable than individual shares of these companies which can be as expensive as US\$3,300!

Foolish takeaway

The FAANG (or FAMANG) stocks are some of the most important companies in the world. These stocks have managed to beat the market over the long term by a wide margin. All six companies lead their industries and have businesses that are easily understood. I believe all Canadians should own at least one of these companies.

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