



Building a Stock Portfolio? Start With These 3 Stocks

Description

[Starting on your investment journey](#) can be both an exciting and unsettling time. It can be exciting because taking control of your finances could be one of the best decisions you'll ever make. However, most people are never formally educated in these matters, so those first few steps could be very daunting tasks. In this article, I'll discuss three **TSX** stocks that investors should consider buying today and explain why they belong in a stock portfolio. Hopefully, this can help new investors start off on the right foot.

Buy one of the Canadian banks

In my opinion, new investors should consider starting their portfolio by buying shares of the Canadian banks. This could be a good idea because the Canadian banks have been reliable performers over the past decades. In addition, the industry is relatively stable, with a clear group of industry leaders at the top. Those leaders, known as the Big Five, have established formidable moats over their long histories of operation.

If I could only choose one of the Canadian banks to hold in my portfolio, it would be **Bank of Nova Scotia** ([TSX:BNS](#))([NYSE:BNS](#)). In my opinion, this company separates itself from its peers by focusing on its international growth. In particular, Bank of Nova Scotia has managed to establish itself in the Pacific Alliance. It's forecasted that the region could see stronger growth than in North American markets due to a quickly growing middle class. Bank of Nova Scotia is also an [excellent dividend stock](#) that has paid investors in each of the past 189 years.

Invest in strong blue-chip companies

The majority of your portfolio should be composed of [blue-chip companies](#). These are companies that are well established and perhaps even stand as a leader in their respective industries. For example, I think **Canadian National Railway** ([TSX:CNR](#))([NYSE:CNI](#)) would be a good stock to hold. This is one of the largest railway companies in North America, operating nearly 33,000 km of track. What interests me about Canadian National is that there isn't a viable way to transport large amounts of goods over

long distances if not via rail. That should help Canadian National remain in high demand for a long time.

This company is also known for being a solid dividend stock. It has managed to increase its dividend in each of the past 26 years. That makes it one of only 11 TSX-listed stocks to reach that milestone. Canadian National should also be noted for its dividend-payout ratio (37%). That low payout ratio suggests that the company could continue to raise its dividend at a comfortable rate over the coming years.

Look for established growth stocks

Finally, new investors could do well by adding one or two growth stocks to their portfolio. It's important to note that growth stocks are much harder to assess than dividend stocks, because there are many more hurdles that could affect these companies in the short and long term. However, by focusing on established companies with lots of room to grow, investors could set themselves on the right track.

Shopify ([TSX:SHOP](#))([NYSE:SHOP](#)) is an example of a company I'd consider holding in a new portfolio. The company reported US\$1.295 billion in revenue in the second quarter of 2022, representing a year-over-year increase of 16%. Shopify is largely reliant on a subscription-based business model. With that said, it has also seen its monthly recurring revenue grow at a compound annual growth rate of 35% over the past five years. With strong growth numbers like that, this e-commerce leader could be a good choice for new investors to dip their toes into the growth stock experience.

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2. NYSE:CNI (Canadian National Railway Company)
3. NYSE:SHOP (Shopify Inc.)
4. TSX:BNS (Bank Of Nova Scotia)
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