



3 Blue-Chip Stocks You Should Consider for Your Portfolio

Description

Over the past week, the stock market seems to have been struggling once again. Many stocks are falling, and the declines have been more severe in some of the more exciting growth stocks. In times like these, blue-chip dividend companies are excellent to hold in your portfolio. They tend to be less volatile, which could help mitigate losses. In this article, I discuss three top blue-chip stocks you should consider for your portfolio.

One of the longest active dividend-growth streaks in Canada

One telltale sign of a blue-chip company is its dividend. Often, blue chips will pay a portion of their earnings back to investors. The best of these companies will be able to raise dividend distributions each year. In Canada, **Fortis** ([TSX:FTS](#))([NYSE:FTS](#)) is one of the best dividend-paying companies around. It has been able to increase its dividend distribution in each of the past 47 years. Only one company can claim a longer active dividend-growth streak.

Fortis provides electric and gas utilities to more than 3.4 million customers in Canada, the United States, and the Caribbean. A global leader in the utility sector, Fortis currently operates more than \$56 billion in assets. Fortis stock is among the least volatile on the market, with a beta of 0.06. Over the past year, the stock has gained nearly 8% before including dividends. Once you account for the stock's 3.6% dividend yield, it's clear to see why investors are so pleased with this company.

This company is a proven compounding machine

Another aspect of a blue-chip company is its ability to compound returns over the long run. An excellent example of this is **Brookfield Asset Management** ([TSX:BAM.A](#))([NYSE:BAM](#)). An [alternative asset management firm](#), Brookfield Asset Management focuses on real assets. This includes [real estate](#), infrastructure, and utilities. The company is led by Bruce Flatt, who has often been compared to Warren Buffett.

Few companies have managed similar returns, as this company over the past 26 years. Since August

1, 1995, Brookfield Asset Management has gained more than 4,000%. That represents an average annual gain of 15.4% over that period. This would have turned a \$10,000 investment into nearly \$414,000. To put that into perspective, the **TSX** has gained an average of 5.8% over the same period. Brookfield Asset Management has a history of outperforming the market by a wide margin and should be considered in every portfolio.

Canada's top bank

Canada's banking industry hosts several blue-chip companies. The most popular of which are referred to as the Big Five. These are the common banks you'll find across the country. Among those, **Bank of Nova Scotia** ([TSX:BNS](#))([NYSE:BNS](#)) stands out as my top choice. Unlike its peers, the Bank of Nova Scotia hasn't concentrated so heavily in North America. Instead, it has opted to gain exposure to developing regions like the Pacific Alliance. This is a region which includes the countries of Chile, Columbia, Mexico, and Peru.

Economists project that a rapidly growing middle class will help that region grow faster than the G7 countries over the next decade. If that's true, then Bank of Nova Scotia could see more impressive gains than its peers in the next few years.

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