



Building a Portfolio? Start With These 2 Stocks!

Description

A proper investment strategy starts with a well-constructed portfolio. To do so, you will want to diversify. Many take this to mean investing in many different companies. However, it goes much further than that. You also want to think about building a portfolio with companies in different sectors and countries among other factors. Although this is a bit contested, I believe you should also have a good mix between dividend and growth stocks in every portfolio.

In this article, I will provide two companies that I think can lay a solid foundation for any portfolio. As stated earlier, I think you should invest in companies from other countries in addition to your Canadian holdings. Therefore, I will briefly mention a few examples at the end of the article. The majority of this write-up will focus on two Canadian companies: one growth-focused and one dividend-focused.

Powering the future of retail sales

Since I am a growth investor, I will focus on that aspect of the portfolio first. My favourite Canadian growth stock is **Shopify** ([TSX:SHOP](#))([NYSE:SHOP](#)). I believe that there is no other company in the country that leads an emerging industry as well as Shopify.

In 2016, e-commerce sales accounted for 6.5% of all retail sales in Canada. It was estimated that the industry would grow to 10% by 2020. Because of the COVID-19 pandemic, we witnessed an incredible acceleration in the global adoption of online retail. In the United Kingdom, online sales accounted for [32.8% of all retail sales](#) in May 2020. This compares to only an 18.8% penetration in May 2019.

Shopify is also led by an outstanding founder-CEO. Tobi Lütke wrote the very first line of code in what would later become the company's namesake platform. As of this writing, Lütke is still very much involved in the company. He also holds a large ownership stake in Shopify (6.44%). An executive with a large percentage of their net worth tied up in a company signals to investors that the individual is willing to be rewarded according to the company's performance.

Investing in a well-managed conglomerate

I have mentioned a number of times that **Brookfield Asset Management** (TSX:BAM.A)([NYSE:BAM](#)) is an excellent [choice for novice investors](#). Brookfield oversees a large umbrella of subsidiaries that have a strong international presence. Because of its stake in reliable sectors such as utilities, real estate, and infrastructure, I believe this company will continue to reward shareholders over the long term.

Brookfield is led by CEO Bruce Flatt. He has previously been compared to Warren Buffett for his large ownership stake in his company, long tenure as CEO, and a value-focused investment style. As observed by the company's subsidiaries, it can be seen that Brookfield prefers to invest in real assets. Bruce Flatt has previously been quoted as believing that real assets are only going to be more popular in the future. If this is true, Brookfield will continue to grow as more investors pour into these type of companies.

The company is a Canadian Dividend Aristocrat, having increased its dividend distribution in each of the past eight years. Brookfield Asset Management currently has a forward dividend yield of 1.41%. Based on cash flow, the company's dividend-payout ratio stands at 10.68%.

Diversifying outside of Canada

To round out your portfolio, you will want to look at companies outside of Canada to ensure true diversification. Examples of companies that may be interesting to investors are **MercadoLibre** (Argentina), **Procter & Gamble** (United States), and **Unilever** (United Kingdom). It is also important to note that these companies all fall within different industries. If you are investing in correlated industries, then you will not be as diversified as you think.

Foolish takeaway

If you are thinking of building a portfolio, I would aim to diversify in companies within different sectors and countries. Shopify and Brookfield Asset Management are two very strong companies that can lay an excellent foundation for any investor.

CATEGORY

1. Dividend Stocks
2. Investing
3. Tech Stocks

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TICKERS GLOBAL

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2. NYSE:SHOP (Shopify Inc.)
3. TSX:BN (Brookfield)
4. TSX:SHOP (Shopify Inc.)

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