



## 3 Reasons to Invest in the \$100+ Portfolio

### Description

Proponents of ETFs and mutual funds often cite diversification as a big reason why retail investors should own these types of products. While there's a lot of truth in this philosophy—Warren Buffett believes a broad-market index fund is all you really need when it comes to equities—I'm here to suggest you put your money in the \$100+ Portfolio instead.

The what? The \$100+ Portfolio.

It's an awkwardly named, non-existent portfolio whose 14 stocks trade on a Canadian exchange and whose share prices are currently \$100 or higher. These stocks are all you need to own in order to make it to retirement in sound financial condition.

Here are three reasons why you might want to consider what I'm saying.

### Reason one

A stock doesn't get to triple digits without making money. Remember, stock prices are based on earnings. Stock prices don't generally grow if earnings don't grow. So, generally, if a stock is trading above \$100, it's doing more right than wrong.

Before giving away all 13 names in the \$100+ Portfolio, let me first tell you about it.

Leading the charge is **E-L Financial Corporation** ([TSX:ELF](#)), Canada's most expensive stock at \$682. It's a holding company that owns Empire Life as well as investments, public and private, in other funds and companies. The remaining 13 companies have sector representation from financials (other than E-L Financial), basic materials, consumer non-cyclical, consumer cyclical, technology, transportation, services, and energy.

The portfolio's weightings by sector are financials (28.6%), consumer non-cyclical (14.3%), services (14.3%), basic materials (14.3%), transportation (7.1%), technology (7.1%), consumer cyclical (7.1%), and energy (7.1%). That's pretty good sector diversification.

Now, by market cap, it's an entirely different look because of the inclusion of Chinese energy giant **CNOOC Ltd.** (TSX:CNU)(NYSE:CEO), whose ADR is valued at \$7 trillion and represents 98% of the entire portfolio's \$7.17 trillion market cap.

Excluding CNOOC, the financial sector and the four stocks from it account for 34.1% of the portfolio with consumer non-cyclicals the next highest at 16.8%. With the exception of a **Lassonde Industries Inc.** (TSX:LAS.A) and **Senvest Capital Inc** (TSX:SEC), all of the portfolio's stocks have market caps are greater than \$1 billion.

### Reason two

This is as blue chip a portfolio as you're going to get. While the average yield is 1.5%, about half that of the **iShares S&P/TSX Capped Composite index Fund** (TSX:XIC), it's more than made up for that lack of dividend income in the past with superior capital appreciation. In the past year the 14 stocks in the \$100+ Portfolio averaged a total return of 6.7%, a full 10 percentage points better than the XIC.

That doesn't mean there weren't some stinker performances over the past 52 weeks. Several of the stocks were down double digits, including CNOOC and Senvest. However, strong returns from **CCL Industries Inc.** (TSX:CCL.B) and **Molson Coors Brewing Company** (TSX:TPX.B)(NYSE:TAP)—up 54% and 49%, respectively—did more than enough to outshine the XIC.

### Reason three

It's easy to watch. Sure, it doesn't beat having just one holding such as the XIC, which you don't have to trade in and out of, but I'm a buy-and-hold guy, so that's not something I'd be recommending investors do anyway.

The remaining stocks in the \$100+ Portfolio include Prem Watsa's **Fairfax Financial Holdings Ltd.** (TSX:FFH) which I [recommended](#) in April, **Canadian Imperial Bank of Commerce** (TSX:CM)(NYSE:CM), **Agrium Inc.** (TSX:AGU)(NYSE:AGU), **Canadian Pacific Railway Limited** (TSX:CP)(NYSE:CP), **George Weston Limited** (TSX:WN), **Morguard Corporation** (TSX:MRC), **Constellation Software Inc.** (TSX:CSU), and **Canadian Tire Corporation Limited** (TSX:CTC.A).

It's quite an ensemble and all for the low, low, price of \$100 or more.

## CATEGORY

1. Investing

## TICKERS GLOBAL

1. NYSE:CM (Canadian Imperial Bank of Commerce)
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3. NYSE:TAP (Molson Coors Beverage Company)
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9. TSX:FFH (Fairfax Financial Holdings Limited)
10. TSX:WN (George Weston Limited)

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**Date**

2025/08/23

**Date Created**

2016/06/17

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