



Why Investors Need to Hold Quality Stocks: In Case the Market Closes

Description

Warren Buffett said, “Only buy something that you’d be perfectly happy to hold if the market shut down for 10 years.”

This past Friday, the Toronto Stock Exchange closed early due to some “technical errors,” which prevented normal operations and forced investors to hold their positions over the weekend whether they wanted to or not. Although this is usually nothing to worry about, as most investors tend to buy and hold and only need to get out of a position “from time to time,” the truth is that investors still need to take a very important lesson from this: buy *quality* companies!

Another one of Warren Buffett’s famous quotes is to “invest in companies that even an idiot could run” because sooner or later someone will, but let’s leave this one for another day.

For investors seeking only the highest quality companies, shares of **BCE Inc.** ([TSX:BCE](#))([NYSE:BCE](#)) at a current price of \$55 at the time of writing, offer investors a robust dividend yield of 5.5%, which is no less than rock-solid!

Although many view cable as a dying industry, investors need to remember the [diversified business](#) of the telecom giant, ranging from cell phone (and data) clientele all the way to the almost defunct landline business unit. Also, there are still many customers who are paying for cable TV or access to the service online. The changing Canadian television landscape ultimately isn’t very good for the consumer. Eventually, the only way to watch sports will be to become a client of BCE Inc.; they’re purchasing a very large majority of the rights to broadcast sporting events!

After the telecom giant, shares of **Imperial Oil Ltd.** ([TSX:IMO](#))([NYSE:IMO](#)) are once again closing in on the \$40 price as oil continues to increase in value. At close to US\$70 per barrel, investors will potentially be [pleasantly surprised](#) by the next quarterly earnings report of this high-quality company. In spite of a dividend yield of only 1.6%, the potential rests in the capital appreciation that will be realized by investors over the long term. As someone once said, “A rising tide lifts all boats.”

Due to the expected initial public offering (IPO) of Saudi Arabian Oil Company, more commonly known as Saudi Aramco, over the next year or so, those seeking value in the oil markets should expect Saudi

Arabia to do everything in its power to keep the price per barrel of oil high, as the value of this major IPO is dependent on the future cash flows that will come from the company, and cash flows depend on the price of oil.

With so many high-quality names to choose from, investors need to figure out which name is most closely aligned with their own temperaments. Investors can either choose a defensive security that pays a high dividend or take a higher amount of risk by investing in a cyclical name with the potential for massive upside in the future.

CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing

TICKERS GLOBAL

1. NYSE:BCE (BCE Inc.)
2. NYSEMKT:IMO (Imperial Oil Limited)
3. TSX:BCE (BCE Inc.)
4. TSX:IMO (Imperial Oil Limited)

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