



## Long-Term Investors: The Number 1 Mistake You'll Want to Avoid in 2020

### Description

Going into 2020, we are getting to the point where the volatility and uncertainty is bound to heat up. Almost everyone agrees we are due for a recession, having gone more than a decade since the last one and with global debt at unprecedented levels.

What can't be predicted, though, is when it will actually happen and how severe it will be.

That goes for the corresponding market crash, which is always exaggerated due to the increased fear in the market and absence of any real buyers.

Market crashes are what investors fear most, but no matter what, the main thing you must avoid at all costs is panicking.

Panicking is just about the worst thing you can do, and although it sounds easy ahead of time, as you watch your wealth disappear in real time, it may not be so straightforward.

It's important to avoid panicking though, because it will only cause you to want to sell your stocks and save what you have left, but in reality, all you are doing is selling your stocks at the absolute worst time.

Instead, you should own a portfolio of [high-quality](#) companies that you believe in long term, as well as having a decent cash position, to take advantage of any bargains you find in the case of a market crash.

Two top Canadian companies that are examples of the kind of stock you'll [never have to sell](#) are **Canadian National Railway** ([TSX:CNR](#))([NYSE:CNI](#)) and **Royal Bank of Canada** ([TSX:RY](#))([NYSE:RY](#)).

## Canadian National

CNR is the largest railway in Canada and one of the largest in North America. It is a critical component to our economy, which was evidenced just recently when a short eight-day strike impacted tonnes of

different industries across the country.

It's clear that CNR is a mainstay of our economy and is extremely important to almost every industry across Canada.

Rail is the most efficient and cost-effective way to transport almost any type of good, which is why it has such a huge importance in our economy and why it's the perfect stock to own forever.

CNR especially is ideal because not only is it the largest railway in Canada, but it's extremely well run and efficient.

It consistently posts return on equity above 20% and has been growing its revenue by more than 4% a year in the last three years.

4% doesn't sound like a whole lot, but given that CNR is a massive company with an enterprise value just shy of \$100 billion, 4% is quite significant.

It also pays a dividend that yields 1.85% and has a payout ratio of just 35%.

## Royal Bank

RBC is the largest bank in Canada in what many consider to be one of the safest and most resilient environments for banks in the world.

It's been an incredible stock for long-term investors over the years, with its share price up nearly 85% over the last decade, which doesn't even include the returns investors have seen from dividends.

Royal Bank is an ideal stock for investors seeking a growing dividend, which is why it's included in the Canadian Dividend Aristocrats list.

Since 2014, its dividend has been increased by nearly 50%, all the while Royal Bank has kept its payout ratio extremely consistent at roughly 45%.

Today, its dividend yields roughly 4%, which is pretty rewarding for investors while you hold the stock long term.

The company has been managing a tougher operating environment well and showing how resilient its portfolio is with only minor reductions in net interest margins and a manageable amount of increases to its provision for credit losses.

Going forward, it's going to be a great long-term hold and given the pullback the shares have had in the last week, now seems like the perfect time to gain some exposure.

## Bottom line

The number one thing to do if you want to avoid the temptation to panic sell is to build your portfolio up now with stocks you are confident in for at least the next 10 years.

If you assemble a high-quality portfolio today, with stocks that you know you are confident in, if

problems do eventually arise, you will have a much easier time ignoring the noise and focusing on your long-term strategy of building wealth.

## CATEGORY

1. Bank Stocks
2. Dividend Stocks
3. Investing

## TICKERS GLOBAL

1. NYSE:CNI (Canadian National Railway Company)
2. NYSE:RY (Royal Bank of Canada)
3. TSX:CNR (Canadian National Railway Company)
4. TSX:RY (Royal Bank of Canada)

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## Date

2025/08/12

## Date Created

2019/12/08

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