



## My Stock Portfolio Game Plan in This Market Correction

### Description

The best stock investing plan works in all market conditions. My game plan actually hasn't changed much, as the market correction has surfaced with snarling teeth and sharp claws from the bear.

I primarily use a value and dividend investing approach. In the long run, value investing tends to be lower risk while delivering above-average returns, which is why Warren Buffett, one of the best investors in the world, loves it so much.

### My stock portfolio game plan

On one hand, I added to core dividend stock positions like **A&W Revenue Royalties Income Fund** and **TD Bank** stock at higher yields.

Their dividends, along with my other dividends, can help fund my next purchases or pay my bills. Additionally, buying the stocks at lower valuations leads to greater long-term returns.

On the other hand, I've started easing into stocks that have been hit hard by the correction — specifically, stocks that are related to travelling, including **Air Canada**, which have been impacted by virus fears.

I admit that this latter investing approach, albeit still within the realm of value investing, is higher risk than adding to your core dividend holdings. Therefore, it may not suit you. Particularly, new investors should probably steer clear.

### What if the stock correction continues?

The stock market correction can very well continue and even result in the full awakening of the bear.

I bought these stocks knowing that they can fall lower. I've learned that it's impossible to catch the bottom, so I'm not going to try. However, it does not mean that I'm adding stocks mindlessly.

I believe these stocks are all quite cheap currently and that they will be worth much higher three to five years from now.

Both A&W and TD Bank have staying power and are quality stocks with below-average risks. Specifically, their profitability is above-average stable. This translates to secure dividend income. Moreover, I trust they will increase their payouts over time.

At writing, they offer very attractive yields of 5.6% and 4.7%, respectively — yields that investors would have welcomed with open arms just six months ago.

There's a key reason why [Warren Buffett](#) holds several U.S. airline stocks in **Berkshire Hathaway**. They are meaningful positions, too — a stake of close to 10% in each airline — totalling investments of about US\$7.5 billion.

These airlines have delivered some of the best stock returns in market history! Here are their 10-year price actions compared to the U.S. stock market.



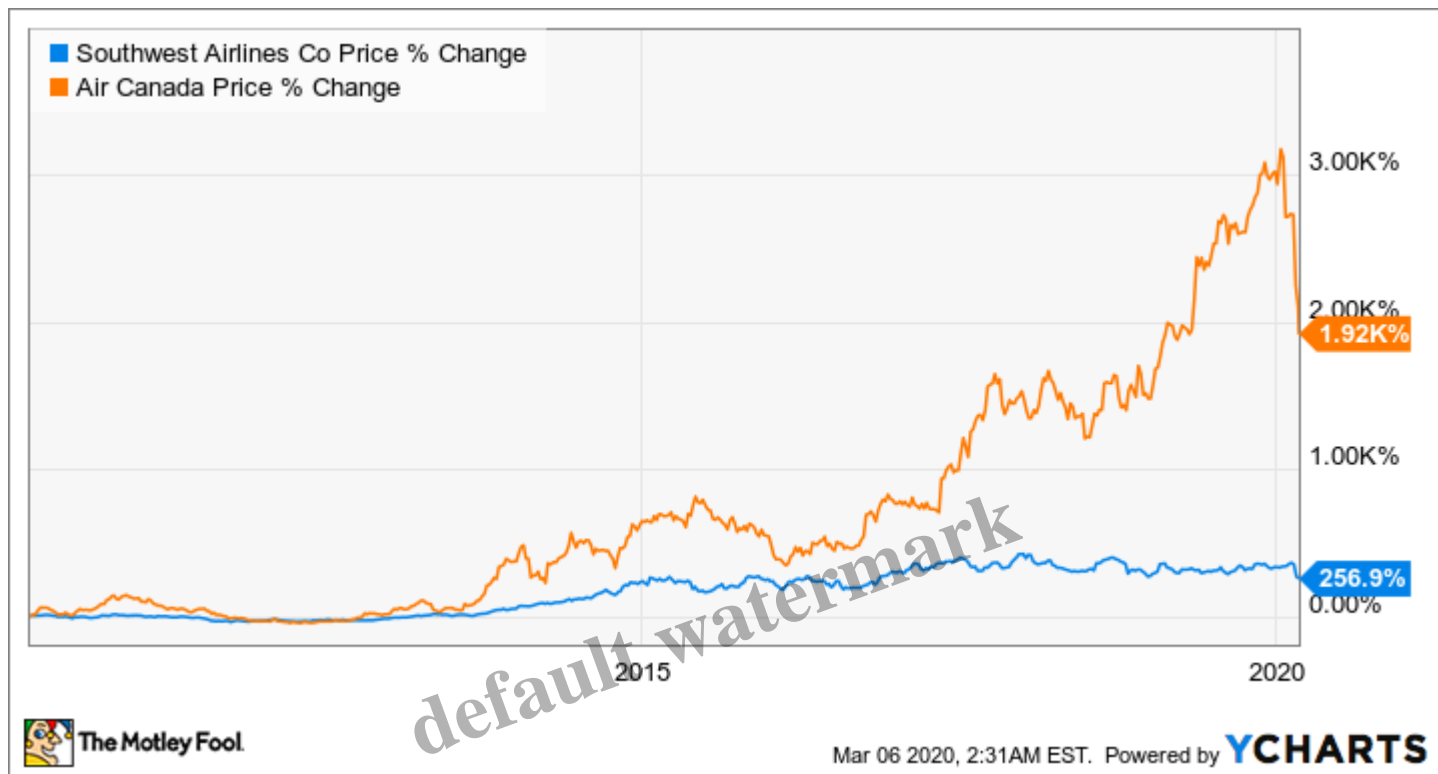
Data by YCharts

Ignoring the recent selloffs, the group would have outperformed the U.S. stock market, although with greater volatility. Notably, though, 10 years ago, we were experiencing economic expansion, which is why the airline stocks have done so well.

Yet, they are cyclical. The global economies entering into a period of slower growth or even

contractions won't bode well for them. If the market continues to crash, cyclical stocks like the airlines and Air Canada will likely be hit harder than quality dividend stocks such as A&W and TD.

Here's Air Canada stock's 10-year price action against the top-performing airline stock that Warren Buffett holds.



Data by YCharts

Air Canada stock trades at a higher valuation than its U.S. counterparts. However, it's expected to experience much higher growth and can potentially more than double in three years.

## Investor takeaway

I don't know how severe this market correction will be. However, as long as I stick to my value investing approach and have a long-term investment horizon of at least three to five years, I know I'll come out ahead.

Just to be clear, I could very well hold my core dividend stocks forever. However, I would aim to trade stocks like Air Canada strategically, even though they are trades that could last a few years or five.

Investors need to embrace volatility while understanding and sticking to their risk tolerance.

What is your stock portfolio game plan? Perhaps these [value stocks](#) are a good fit for your portfolio.

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## **Date**

2025/07/30

## **Date Created**

2020/03/08

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