3 Stocks That Would Be Ill-Advised to Sell Now

Description

The TSX has been a victim of the novel coronavirus, and it's still under recovery. But not every sector in the stock market has been hit in the same. Some have shown more resilience, while some have been brutalized. The most slumped sectors have been the energy, consumer discretionary, healthcare, real estate, and financial sectors, in that order.

The energy sector's partial demise is the result of more than just the coronavirus, and the consumer discretionary sector has suffered from lesser foot traffic and a general economic downturn. Healthcare is on the frontline of this pandemic, while real estate is seeing a lot of investor distrust, because it might lose value in the upcoming expected recession. Financial institutions, even the Big Five, have seen many investors jump ship.

But even in these uncertain times, some stocks deserve your trust and faith — companies that have performed well for years decades and have recovered from unforeseen financial disasters in the past as well. Selling such companies might not be the smartest thing to do in these trying times.

An industrial REIT

Summit Industrial Income REIT (TSX:SMU.UN) didn't manage to regain its market value from the glory days in the past decade. But its growth between 2013 and 2020 has been very steady. Things were looking good for the company before the pandemic hit, and the share price slumped over 40%, and it's still down.

One of the reasons for the slump is its association with the real estate market, even though the fund focuses on light industrial properties and not residential real estate. It's an amazing growth stock and a dependable dividend payer. It still deserves to remain your portfolio.

A petroleum company

As a company focused on marketing and supplying fuel and petroleum products, a $4 billion market cap, **Parkland Fuel** (TSX:PKI), has suffered a lot of losses. It's currently trading at $27 per share, which is 43% down from its value before the market crash. It's also a Dividend Aristocrat, and it increased its payouts for eight consecutive years.

The company has a well-diversified portfolio of products and services and a strong enough balance sheet. It may weather the storm better than many other of its peers. Selling it now would mean dumping all capital gains you earned on this stock.

A "too-big-to-fail" financial institution

If only one TSX stock could be labeled "too big to fail," it would be **Royal Bank of Canada** (TSX:RY)(NYSE:RY). It's literally the king of its own sector and of the TSX. The largest stock on the market suffered in the crash, along with its sector, and is now over 21% down. This might seem scary for a stock that people put in their portfolios *because* it's so stable and strong.

But Royal Bank is not a great stock because it can't fall (it just did, and quite a few steps), but because it can get back up and restart the growth. This is one of the stocks that you definitely don't want to push off, even from a sinking portfolio.

Foolish takeaway

Shedding dead weight is a sound strategy to cut your losses. But you have to be sure that the companies you are getting rid of are truly dead and gone. Because if there is even a 50% chance of recovery, sticking with the ill-performing stocks is the smarter move. And if you have invested in good companies with sound fundamentals, I am sure that the odds of your portfolio recovering are much better than 50/50.

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4. TSX:SMU.UN (Summit Industrial Income REIT)

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Author
adamothman