



Cornerstones in a Stock Portfolio: 2 Industry Leaders

Description

Creating a stock portfolio is like constructing a building. A building must have a solid foundation to prevent structural damages and endure natural hazards like earthquakes. In the same vein, investors need cornerstones in their portfolios to withstand the inherent risks and factors that shake the market.

Industry leaders like the **Royal Bank of Canada** ([TSX:RY](#))([NYSE:RY](#)) and **BCE** ([TSX:BCE](#))([NYSE:BCE](#)) are companies that [can endure economic downturns](#) and recessions. You'd have poor quality or weak pillars if you don't have both in your stock portfolio.

An opportunity of a lifetime

Market observers globally agree that Canada's banking industry is the bedrock of stability. The Big Banks have proven time and again that they can overcome market crashes and severe corrections. In the 2008-2009 financial crisis, no Canadian bank asked the central bank for a bailout.

With the banking sector's financial strength, stability, and grace under pressure, investing in the country's largest bank is an [opportunity of a lifetime](#). RBC endured the Great Depression and two world wars before rising to its industry-leading position.

While this \$183.53 billion bank isn't the dividend pioneer, its dividend track record stretches as far back as 1870 or 151 years. The share price is \$130.69, while the dividend yield is 3.34% if you invest today. Also, the [dividends](#) should be safe and sustainable, given the 40.72% payout ratio.

RBC's support to Canadians covers nearly all cross-sections of society. Through First Up with RBCx Music, the premier bank provides emerging talent with once-in-a-lifetime performance and exposure opportunities. Recording artists and musicians in the early stages of their careers can participate in the program.

Most that have applied in the first offering were Canadians seeking primary income from their music. RBC is a top brand for its banking and financial services and endeavors like First Up RBCx Music.

Investors eagerly await the RBC's Q4 and fiscal 2021 results on December 1, 2021. After three quarters, net income reached \$4.3 billion or a 34% year-over-year growth. Apart from the strong client-driven volume growth, the bank's capital position remains robust. RBC President and CEO David McKay said RBC has the momentum to deliver differentiated value to the people it serves.

Prodigious income stock

BCE's dividend track record is as prodigious as Royal Bank's. Canada's most dominant telco started paying dividends in 1881 or a dividend sequence of 140 years. The \$58.04 billion firm also pays the highest dividend (5.48%) among its peers in the oligopoly.

Because of its billions of dollars in revenue every year, BCE will keep paying dividends for decades. Apart from its dominance in the telco space, ownerships in media outfits, various networks, and sports teams help deliver growth. The tailwind for most telcos is the emergent 5G network, although BCE has the edge given its sheer size.

The industry leader added another feather to its cap after Global Wireless Solutions (GWS) named Bell 5G as the country's best 5G network. According to the analyst company, Bell 5G got the nod because of the fastest data speeds of any mobile network in Canada. GWS said it's also the top national network for gaming and video applications.

Minimal evaluation

RBC and BCE requires minimal evaluation. You only need to look at their industry position, market capitalization, and dividend track records. It should be enough to make them the cornerstones of your stock portfolio.

CATEGORY

1. Bank Stocks
2. Dividend Stocks
3. Investing

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2. NYSE:RY (Royal Bank of Canada)
3. TSX:BCE (BCE Inc.)
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Date

2025/08/14

Date Created

2021/11/05

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