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Why short-term thinking is an investor's worst enemy

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I purchased BCE's stock in July and since then it has only been going down. I was wondering if I should sell it or hold on. What do you think?
If you are tempted to sell a stock just because its price has fallen over a few months, you need to change your investing mindset. Otherwise, you will be setting yourself up for failure.

All stocks drop at one time or another, and BCE's roughly 9-per-cent decline since the summer is actually quite mild. If I sold one of my stocks every time it dropped by that much, I wouldn't have any stocks left! Learning to accept volatility – and not to let it interfere with your long-term investing plan – is a critical step to becoming a successful investor.

Instead of obsessing about short-term price moves, you should be focusing on the outlook for the business.

Stock prices are influenced by all sorts of short-term factors – including economic headlines, geopolitical events and general market sentiment – but if the company's revenue, earnings and dividends are growing, the share price should ultimately climb over the long run (as BCE's shares have done, despite occasional setbacks like the current one).

I won't get into a detailed discussion of BCE's business here. What I will say is that I own the shares personally and in my Strategy Lab model dividend portfolio (tgam.ca/divportfolio) and I intend to hold them based on the favourable outlook for the business.
In its third-quarter results released in early November, BCE posted revenue and wireless subscriber growth that both topped expectations. In the coming years, I expect that the company will continue to benefit from growing wireless data usage and smartphone adoption.

One of the main reasons I bought BCE was for its rising dividend, and – based on its pattern of increases in recent years – I expect another hike in February.

Whether the stock is BCE or any other company, a falling share price is, in and of itself, no cause for alarm. It may even present a buying opportunity – as long as the business remains healthy.

The only time I consider selling is when a falling share price is accompanied by a deterioration in the long-term outlook for the business, but that does not appear to be the case here.

Have you ever benchmarked your Strategy Lab model dividend portfolio against an index or dividend ETF? I would be interested to see the results.
From inception on Sept. 13, 2012, through the most recent Strategy Lab update on Oct. 31, 2016, my model dividend portfolio posted a total return (including dividends) of 63.7 per cent – or about 12.7 per cent on a compound annual basis. That compares with an annualized total return (also including dividends) of about 7.6 per cent for the S&P/TSX composite index.

It's not a strict apples-to-apples comparison because my portfolio includes a couple of U.S. stocks that benefited from the falling Canadian dollar.

Several dividend ETFs also beat the S&P/TSX index over that period: The PowerShares Canadian Dividend Index ETF returned 10.9 per cent, the Horizons Active Canadian Dividend ETF 9.7 per cent and the iShares S&P/TSX Canadian Dividend Aristocrats Index ETF 8.2 per cent, while the iShares Canadian Select Dividend Index ETF trailed the S&P/TSX with a return of 6.7 per cent. (Total return figures are from longrundata.com).

If I wanted to secure the services of a financial planner on a fee-only basis, where would be a good place to look for one?
Choosing a fee-only financial planner who charges by the hour, or by the project, eliminates potential conflicts of interest that arise when a planner also sells commission-based investment or insurance products.

The Institute of Advanced Financial Planners (iafp.ca), which is responsible for the registered financial planner (RFP) designation, has a "find a planner" tool on its website that lets you search by various criteria including compensation method (choose "100 per cent fee"). The Financial Planning Standards Council (fpsc.ca), the umbrella group for certified financial planners (CFPs), has a similar tool but without the ability to search by compensation method.
Another option is to do a Google search using your city name and the words "fee-only financial planner."

Most planners are compensated at least partially via commissions, so finding one who is paid strictly on a fee-for-service basis may take some research.

I strongly recommend that you work only with an RFP or CFP and that you interview two or three candidates to find the best fit.

Some planners offer a free consultation, during which you can verify that the planner sells no financial products of any kind. The initial meeting is also a chance to ask for references and to see sample plans.

Be very specific about what you want in your plan. Ask a lot of questions.

And don't be afraid to walk away if you aren't satisfied with the answers.

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