



Does Your RRSP Have These 3 Forever Stocks? It Should

Description

One of the things many investors struggle with is selling stocks.

In comparison to selling, buying is relatively easy. As long as investors are paying a reasonable valuation compared to the overall market and the company has a durable competitive advantage, making the decision to buy isn't difficult. Sure, there's always second guessing — especially if the share price goes down — but most investors realize that the market is going to go up and down, seemingly at random. Most of us don't stress the small movements.

There are a few schools of thought when it comes to selling. Some folks set a target price right when they purchase a stock, perhaps at some arbitrary number like a new all-time high. Others will sell when the company appears overvalued. And some investors use certain technical indicators to decide whether a stock is about to fall below support levels, taking the opportunity to move out of a position before that happens.

Or, investors can copy a rule from the world's most successful investor, billionaire Warren Buffett. When Buffett is asked what his favourite holding period is, his answer is always the same — “forever.” Buffett believes that investors should buy great businesses that withstand the pressures of competition and time, and hold them forever.

This is a terrific strategy for your retirement savings. Here are three Buffett-inspired forever stocks.

Telus

Investors continue to be impressed with **Telus** ([TSX: T](#))([NYSE: TU](#)) and its recent results.

The company continues to kill it in wireless. Not only is it consistently gaining customers from its two rivals, but it's also doing a terrific job of keeping its existing customers with customer service that's ranked the best in the business. It has steady home phone and internet divisions, and it continues to expand its fairly new television service, getting almost a million households subscribed.

But perhaps Telus's most attractive feature is its moat. For years the market has predicted a new

wireless player is about to enter Canada and offer service coast to coast. Each time a new competitor shows up, the incumbents end up beating it silly. Telus has little risk of being usurped by any competitor, major or minor.

Plus, investors are getting a 3.9% dividend that has increased more than 50% in the past five years, and the company is committed to buying shares. Telus does a nice job of taking care of its shareholders.

Suncor

As the world's thirst for oil intensifies, the demand for supply from friendly parts of the planet will only increase. This is terrific news for Alberta's oil sands and the biggest producer in the region, **Suncor** ([TSX: SU](#))([NYSE: SU](#)).

So far this year the company has averaged north of 400,000 barrels of daily production from its facilities. Based on current production rates, there's enough oil left in the ground to sustain operations for another four decades, and that's assuming not another nickel is spent on searching for more.

This is the type of asset investors want to own. Where else in the world is a company going to control so much of such a massive oil field?

TD Bank

I could almost substitute any Canadian bank in this space, since they're all such good operators. But, for me, **TD Bank** ([TSX: TD](#))([NYSE: TD](#)) is the most attractive choice because of its exposure to the United States. Approximately 25% of the company's most recent profit came from its U.S. operations.

The potential to grow in the U.S. is there as well. The country's banks are extremely fragmented, at least compared to Canada. There are hundreds of small, regional financials that TD could look to buy. Or it could beef up its wealth management division or investment banking operations down south as well. Management is already in place, and there's plenty of cash flow to fund acquisitions.

That also means plenty of dividends for investors. The stock currently yields 3.4%, with only a 50% payout ratio. The company also regularly rewards investors with dividend increases on an annual basis, with the exception of 2008-09. TD is a terrific business that belongs in every portfolio.

CATEGORY

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2. NYSE:TD (The Toronto-Dominion Bank)
3. NYSE:TU (TELUS)
4. TSX:SU (Suncor Energy Inc.)
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