



Is Telus Corporation the Biggest No-Brainer in Canada Today?

Description

Many long-term investors are looking for what they call “one decision” stocks. These are the companies that you load up on over the years with the intent to never sell.

The plan for these investors is to come up with a portfolio consisting strictly of the finest stocks out there. There's just one problem. Over time, a great company can become a so-so company, or even a poor company. All sorts of things can bring a company down, everything from technological change to spending too much on an acquisition. History is littered with previous forever stocks that are mere shadows of what they once were.

Still, the strategy is sound. A portfolio filled with forever stocks might not outperform the overall market, but will likely be much steadier than a portfolio stuffed with the latest in tech and biotech superstars. For investors looking to sleep well at night, this is a huge and often understated advantage.

While there are potentially dozens of Canadian companies that could qualify as solid forever stocks, one popular sector is the telecom space. We're hopelessly addicted to our smartphones and Internet connections, and both profits and dividends are pretty secure. It's also proven to be a good industry in the past, giving investors outsized returns for years now.

But which company is best? I'm not exactly sure, but here's the case for why it's **Telus Corporation** ([TSX:T](#))([NYSE:TU](#)).

Solid growth

Telus continues to lead the major telecom providers in wireless subscriber growth.

The company does this in a multiple of ways. Perhaps the most important factor in recent wireless growth is giving its front-line service employees the ability to make common-sense decisions, which helps to retain customers. I can personally attest that calling Telus's customer service isn't such a bad experience.

Telus also has growth in an area that has plagued some of its competitors: television. Cord cutters are

affecting the industry, which collectively is only able to post revenue increases because pass on the higher prices to the consumers who haven't already cut cable. But Telus has posted double-digit gains in subscribers over the last year, and looks primed to continue the trend.

Shareholder-friendly management

Not only are Telus's head brass good at operations, but they're also shareholder friendly.

The company is giving back to shareholders in two main ways: by increasing its dividend and buying back shares. Since 2010 Telus has raised its quarterly dividend 11 times to its current level of \$0.42 per share. That's good enough for a 3.8% yield.

The company is also throwing millions towards buying back shares. Since shares outstanding peaked at 652 million at the end of 2012, the company has bought back nearly 45 million shares, which is a very respectable amount for just two and a half years.

Management has also promised that the buybacks and dividend increases will continue. In fact, management is on record saying that investors can expect a further two dividend increases through 2016.

A huge moat

In the world of spectrum, the good bands are already long gone. And although **Rogers Communications** probably has Canada's best network, Telus's network is no slouch either.

Canada's so-called Big Three in telecoms are incredibly well entrenched. If a competitor were to come in and try to build a network from scratch, it would likely take tens of billions in start-up costs, and without any guarantee that the new player could gain meaningful market share. After all, it's much easier for the incumbents to lower prices than it is for a new player to gain share.

The federal government has been open to the idea of a fourth nationwide wireless carrier for years now, even going as far as encouraging foreign competition to buy up some of Canada's smaller operators. And even still, not one major international carrier has expressed anything more than passing interest in our market.

Telus offers investors a great moat, steady growth, and offers a service most people don't want to live without. If you're looking for a forever stock, I'd say it's a pretty good choice.

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