



## Does Your TFSA Have These 3 Forever Stocks?

### Description

The world of investing doesn't have to be complicated.

The problem is it's in the best interest of many people to make regular investors believe they can't do it on their own. Banks, mutual funds, and wealth management professionals all have one job—to convince the average investor that investing is just too darn complicated for them to master.

This isn't true, of course. In fact, it's not particularly hard for even the average investor to do well in the stock market. All they need to do is load up on shares of some of Canada's greatest companies, hold for decades, and that's about it. These investors might not beat the market, but I doubt they'll be disappointed with the results.

The only thing left for investors to do is to pick the forever stocks that will make up the bedrock of their portfolios. Here are three attractive choices I think would look good in just about everybody's TFSA.

### Telus

There's a lot to like about **Telus Corporation** ([TSX:T](#))([NYSE:TU](#)).

The company continues to perform in the wireless space. Average revenue per user is growing consistently, while churn remains lower than its two main competitors. The company's discount brands help it catch price-conscious customers as well. And let's face it; our addiction to smartphones isn't about to go away anytime soon.

Telus is even gaining market share in a place many investors assume is dead: cable TV. To do so, Telus is using two main strategies. Firstly, it tries to persuade customers to switch to its service by offering things like free TVs or laptops to new subscribers who sign a contract. The company is also expanding its service to smaller communities in western Canada, moving into places that previously were dominated by one provider.

The stock even trades at a reasonable valuation. Shares trade at just over 17 times trailing earnings. With earnings per share expected to be \$2.68 for 2016. That puts shares at just 15.1 times forward

earnings—a reasonable multiple to pay in today’s market—especially for a company as fine as Telus.

## Extendicare

The aging of our population is going to present significant challenges in the upcoming years. Investors looking to profit from this trend should take a position in **Extendicare Inc.** ([TSX:EXE](#)) now and ride the inevitable wave.

There are a few reasons why I like Extendicare over its peers today. The company sold its inconsistent U.S. operations for a decent price, reinvesting the proceeds into more assisted-living homes here in Canada. Some of the cash from the U.S. sale will also be used to spruce up some older homes and to expand the company’s home healthcare division. Combined, these moves should all boost earnings over the short to medium term.

Plus, investors are getting a generous dividend while they wait with shares yielding 5.2%—a yield that looks to be sustainable, even without the benefit of the U.S. operations.

## Royal Bank

Investors have traditionally done pretty well no matter which Canadian bank they chose. So why should they choose **Royal Bank of Canada** ([TSX:RY](#))([NYSE:RY](#)) over the others?

Firstly, Royal Bank gives investors exposure to the U.S. market—through the company’s subsidiaries in the southeastern part of the country—yet it trades at just 11.7 times trailing earnings. That’s a nice discount to the two other Canadian banks with large U.S. operations.

Secondly, Royal Bank has a dominant market share here in Canada. It’s either first or second in number of branches, mortgages outstanding, credit cards, wealth management, and other important categories. It truly is Canada’s leading bank; yet it trades at a discount to many of its peers.

Finally, the company pays a great dividend. Shares currently yield 4.1% with a terrific history of dividend growth. Five years ago the quarterly dividend was \$0.50 per share. These days it’s \$0.81—growth of more than 60% in just a handful of years. That’s the kind of growth that would look good in any TFSA.

## CATEGORY

1. Bank Stocks
2. Dividend Stocks
3. Investing

## POST TAG

1. Editor's Choice

## TICKERS GLOBAL

1. NYSE:RY (Royal Bank of Canada)
2. NYSE:TU (TELUS)
3. TSX:EXE (Extendicare Inc.)

4. TSX:RY (Royal Bank of Canada)
5. TSX:T (TELUS)

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