



Telus Corporation: Just Buy This Perfect Forever Stock Already

Description

Perhaps it's the crotchety old man in me talking, but it seems like people are less patient than ever.

I'm hardly immune to this. If I click a link on my phone and it doesn't load after 10 seconds, I'll give up on the exercise. I start to get annoyed even if a friend is just five minutes late. And in previous jobs, I'd joined countless others in lamenting why I hadn't gotten that promotion within six months of getting hired.

This phenomenon has reared its ugly head in the investing world as well. There are many investors who avoid the tried and true, preferring to make their millions in the world of day trading and penny stocks. A stock gets branded "dead money" if it has the audacity to spend more than a few months in a tight range. The result of this is that investors are quicker to hit the sell button than ever.

As the old expression goes, a portfolio is like a bar of soap. The more you handle it, the smaller it gets. While I believe that there's a whole lot more to portfolio management than can be summed up in a pithy sentence, the old axiom has a point. Patience is definitely an important part of investing successfully.

One strategy has worked over the last 50 years and will likely continue to work over the next few decades. All an investor needs to do is buy shares of high-quality companies like **Telus Corporation** ([TSX:T](#))([NYSE:TU](#)), hold them for a very long time (collecting dividends all the while), and they'll end up very happy with the results. It's that simple.

Why Telus?

When taking a buy-and-hold-forever philosophy, it's important to look for companies with a distinct competitive advantage. Warren Buffett refers to this as a company's moat.

Telus has a pretty clear moat in the wireless side of its business. The company has invested billions in its network over the years, growing it to the point where it covers every significant population centre in Canada. Additionally, the company was also smart enough to partner with **BCE** to plug any holes in its network. The two companies now share their collective bandwidth, leading to better coverage for both

sets of customers.

Say I gave you \$10 billion and said, "Go build a network that will compete with Telus." Could you do it? As fun as it would be to have \$10 billion to try, I'd probably give the money back and insist it couldn't be done. Between Telus and its two main competitors, it's just too hard to break in. They dominate the market.

Verizon, the largest telecom in the United States, thought about entering Canada in 2013. Shares of Canada's largest telecoms sold off in response as traders speculated a worst-case scenario. We all know what happened next. Verizon abandoned its expansion plans knowing that cracking Canada would be a very hard fight.

Not just wireless

Telus doesn't just have a moat in wireless. The company is the internet provider of choice for many B.C. and Alberta-based customers, impressing the public with massive investments in its networks. As home phone service continues to dwindle, at least Telus has great pricing power for its internet business.

Finally, Telus is actually growing cable television subscribers, an impressive feat in 2016. Reasons for this include more Telus internet customers looking for bundle deals, attractive perks for new subscribers, and a move away from satellite TV to cable. With only one million TV subscribers, Telus is primed to continue growing this lucrative part of its business.

We've become so dependent on internet and wireless that Telus has become a commodity as necessary as the power company. That stickiness, combined with other factors, like its 4.4% dividend, its shareholder-friendly management, and its reasonable valuation, makes Telus a terrific buy-and-hold forever stock.

CATEGORY

1. Dividend Stocks
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