



Invest Like Warren Buffett: 1 Top TSX Stock to Own Forever

Description

Warren Buffett once (and smartly) said, “Half of all coin-flippers will win their first toss; none of those winners has an expectation of profit if he continues to play the game.” That statement applies to today’s stock markets now more than ever.

Everywhere you look, it seems like speculators are the new champions in the market. All I have to say is **GameStop**, **Bitcoin**, SPACs or pot stocks, and you likely know what I mean. Suddenly, the stock market trading appears to be the new hot topic you hear on every street corner. It seems like every second person I talk to just made a fortune trading Bitcoin or **Tesla** this year!

In frothy markets, heed Warren Buffett’s advice

For a long-term value-focused investors, fear of missing out is real. It can be lonely and boring to stick to your buy-and-hold investment approach. Believe me, the temptation to sell my steady-as-it-goes portfolio, and start earning quick options profits, can be, well, tempting. Yet Warren Buffett’s words are a good reminder. While the markets are hot, there is a chance the coin-flippers might keep on succeeding. However, it is only a matter of when, not if, their coin will turn.

The point here is, don’t be discouraged if your investment plan might be lagging. Perhaps, you’re not beating the market like your currency-trading neighbour. However, look at your portfolio and remember why you own the stocks that you own. These are businesses with assets, products, and services. They are not just stocks or poker chips.

Own good businesses and the returns will last a lifetime

If the businesses have good assets, strong products, great management teams, and yield strong earnings or cash flow, don't worry. Numerous studies have indicated that over the long-term, buy-and-hold investors garner far superior returns over their trading counterparts. Generally, the longer you hold a stock, it becomes more valuable and less risky to own. Boring value tends to balance out. Warren Buffett knew this better than most. That is why his career has been so successful, so consistently.

A stock worthy for Warren Buffett

Telus ([TSX:T](#))([NYSE:TU](#)) is an ideal Warren Buffett stock. Telecom stocks are generally as boring as they come. Canadian telecoms operate in an oligopoly, so they have strong competitive moats from external (non-national) competitors. Yet, the differentiation between products/services amongst Canadian peers is limited (basically the length of a centre wait time).

Yet, I will argue that Telus is transforming that differential from its peers. This is what gives it a Warren Buffett-like investment edge. Unlike its competitors, Telus has avoided investing in highly-competitive (and costly) sports and media franchises. During the pandemic, these segments have been very challenged.

Rather, Telus is focusing on using its communications expertise to expand into fast growing digital segments of society. In essence, it is transforming traditional wireline/wireless businesses so that they engage and innovate as society moves digital. The pandemic has made this trend more apparent than ever.

Just a few weeks ago, Telus IPO'd its digital customer experience business, **Telus International**. Garnering an \$8.5 billion market capitalization, it was [the biggest technology IPO in TSX history](#). Clearly, Telus' focus on the digital world is working.

Similarly, it continues to invest in verticals such as virtual health, digital agriculture, security, and the internet of things (IoT). In fact, while under the radar, it is Canada's largest digital health services provider. Given the excitement in tele-health over the past year, this is clearly a segment with large growth potential.

The bottom line

The point is that a boring stock like Telus may not in fact be as boring as you think. There is underlying value that the market has yet to appreciate in its story. This is a company investing in the future of the world. Rather than trade for daily penny gains, buy a [great Canadian business](#) and hold it forever like Warren Buffett. Over the long haul, you'll find yourself on the winning side of the coin toss more often than not.

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Author

robbybrown

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