How I knew Starhub would cut their dividends

Description



Random photo but look at that silly girl who photo bombed me from the side pretending to be all sweet HAHA she's none other than my flower girl lol ð???



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Went for a media tasting for Korean cuisine previously and I'm so proud of myself for capturing Gong Yoo on screen HAHAHA.

Not much #dayrefinance talk today cos I've to teach a couple of tuition students before I go for my JC dinner gathering, but you guys can check out my blog for my analysis on Starhub which I uploaded yesterday!

Did I know Starhub was going to slash their dividends?

Yes, for those of you who were at the NUS session, you heard me explain why. For those who didn't manage to attend, here's all the details in the blog!

www.sgbudgetbabe.com



It includes an analysis of the company's annual report and how it was pretty obvious (at least to me) that they would be facing a huge revenue drop with the entrance of the fourth telco.



Also this chart, which was visualised by the Motley Fool, helps explain why Starhub has been struggling for a while now to pay its dividends.

Many of their investors probably did not realise this. As long as they were getting their dividends, they thought things were fine and rosy.

Until things come crashing down and they see a dividend cut, that is.

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Remember, just because Starhub had paid dividends consistently for the last 7 years doesn't mean it will continue to do so.

I asked my friends yesterday (the savvy ones) whether any of them were even surprised that Starhub cut its dividends.

Most of them said no.

But if you look at the responses from the public and other shareholders, expressing how appalled they are and yadah yadah, you realise that a lot of investors obviously didn't see this coming.

"I like to buy stocks that I can buy and hold forever" (quote from Warren Buffett)

Warren Buffett is an investing legend, and someone I look up to as my role model in finance, but it is important to understand what he says and why he says it, instead of simply applying the concept blindly.

You can't buy and hold businesses without monitoring them because economic cycles change, business landscapes change, and so on and so forth.

Imagine if you bought Nokia stock and held onto it forever. Today, Nokia has lost its market leadership and is hardly relevant anymore. It had failed to innovate and keep up with changing consumer

preferences for smarter, faster and more fashionable phones.

Apple, on the other hand, has grown to be quite a formidable force with their iPhones.

I wanted to talk about Starhub today so you guys can see why it is so important to monitor and keep abreast of what happens in the companies that you purchase.

You don't have to do it every day, every week, every month or every quarter if you're busy. But at least make it a point to relook your companies once every year when their annual reports and yearly earnings are released.

Starhub's problem did not occur overnight. Troubles were brewing beneath its surface for quite some time, but many investors simply failed to see it. Maybe because of their blind faith in Starhub?

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