



## Rely Less on Stock Prices and More on Dividends

### Description

Dividend stocks are great if you're looking for consistent income. Investors can rely less on volatile stock prices by getting some of the total return from dividends. If you're looking for long-term returns of, say, 7% and you buy dividend stocks with 4.5% yields, you only need 2.5% of price appreciation to achieve your goal. **Telus Corporation** ([TSX:T](#))([NYSE:TU](#)) and **Manulife Financial Corp.** ([TSX:MFC](#))([NYSE:MFC](#)) both yield 4.5%.

#### Telus Corporation

Telus is the third-largest Canadian telecom by market capitalization and Canada's fastest-growing telecom. It has achieved an annual revenue of \$12.5 billion. Additionally, it generates stable cash flows from its 8.5 million wireless subscribers, 1.5 million residential network access lines, 1.6 million high-speed Internet subscribers, and one million Telus TV subscribers. On top of that, Telus is also Canada's largest healthcare IT provider.

Telus has paid one of the oldest dividends in Canada. It has paid dividends since 1916! It's also proud of its dividend-growth track record of 12 consecutive years. In the past five years Telus has increased its dividend by 10.9% on average per year.

Telus increased its dividend by 10% last year. According to its usual schedule of increasing dividends two times a year, it should increase its dividend in June and again in December.

According to its estimated 2016 earnings per share and its quarterly dividend of \$0.44 per share, its payout ratio is under 66%. So, Telus's target of increasing its dividend by about 10% this year is achievable.

At under \$39, Telus is fairly valued at a multiple of 15 and yields a safe 4.5%.

#### Manulife Financial Corp.

Manulife was established in 1887. By the end of 2015 it had \$935 billion of assets under management and administration. Manulife provides financial advice, insurance, wealth, and asset management

solutions for individuals, groups, and institutions. Manulife primarily operates in Asia, Canada, and the United States. In the U.S., Manulife operates as John Hancock.

Since 1897 Manulife has been conducting business in Asia, where it has a distribution network of more than 63,000 contracted agents, more than 100 bank partnerships, and over 500 dealers, independent agents, and brokers.

Manulife has increased its dividend for two consecutive years. Manulife just increased its dividend by 8.8% this month. According to its estimated 2016 earnings per share and its annual payout of \$0.74 per share, its payout ratio is under 40%.

After Manulife's shares pulled back to \$16.5 per share due to its losses in energy investments, it's now priced at a discounted multiple of about 9.5.

## Conclusion

Telus and Manulife are quality stocks with S&P credit ratings of BBB+ and A, respectively. Comparatively, Manulife will likely give higher price appreciation due to its discounted shares. However, both companies pay out safe dividends of 4.5%.

## CATEGORY

1. Dividend Stocks
2. Investing

## TICKERS GLOBAL

1. NYSE:MFC (Manulife Financial Corporation)
2. NYSE:TU (TELUS)
3. TSX:MFC (Manulife Financial Corporation)
4. TSX:T (TELUS)

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