

Get Rich Slowly With Telus Corporation and Boardwalk REIT

Description

If you're anything like me, you have one goal each day—to end up richer at the end of the day than you were at the beginning.

This isn't always possible, of course. Some days the stock market doesn't cooperate as investors send the value of stocks lower for reasons even the experts can't agree on. Things like medical emergencies, unexpected car repairs, and layoffs can pop up when you least expect them. And taxes have to be paid, whether the government is taxing wages, investment gains, or property.

Many investors don't want to wait the decades needed to become rich via compounding, so they try some alternate strategies. Some start their own businesses. Others invest in risky vehicles like penny stocks or high-yield debt. And adventurous folks will borrow aggressively to invest in certain opportunities, confident the returns from the investment will be enough to pay the debt off.

These are viable options—if the opportunity is good enough. I find that most of these investments are long on potential and short on certainty. There's nothing wrong with putting a portion of your portfolio in something risky. It just shouldn't dominate your net worth, and you certainly should avoid borrowing to do so.

Instead, investors should look at getting rich the old-fashioned way via high-quality Canadian blue-chip stocks. They might not be as sexy as the latest high-flying tech stock or putting everything you have into a new business venture, but doing it the long way will sure help you sleep better at night.

Two of my favourite steady stocks are **Telus Corporation** ([TSX:T](#))([NYSE:TU](#)) and **Boardwalk REIT** ([TSX:BEI.UN](#)). Here's why.

Telus

The big thing I like about Telus is the company's competitive advantage.

It operates in a market that has limited competition and high barriers to entry. It has spent billions acquiring wireless spectrum and installing wired infrastructure for its Internet, home phone, and television services. It would take tens of billions to even think about knocking it off its pedestal.

That's the kind of business investors should be looking for.

Even though Telus is a mature business, the company is still growing. Revenue grew 2.8% in 2015, increasing to \$3.2 billion. EBITDA grew to \$1.1 billion for the year, which was a 5% increase compared with 2014. Earnings per share came in at \$2.29, which was adversely affected by some one-time charges. The company expects earnings growth of up to 10% for 2016, giving investors guidance of between \$2.40 and \$2.56 per share for forward earnings.

The company continues to reward shareholders with increased dividends, too. Telus looks poised to up

the payout twice in 2016, just as it has done for each of the previous five years. The current yield is 4.3%, but that could easily jump some 5-10% by the end of the year. Increased dividends are music to a long-term investor's ears.

Boardwalk

Speaking of increased dividends, Boardwalk REIT is also delivering on that front, even though the company is struggling a bit from a weak Albertan economy.

The company recently announced full-year 2015 numbers that were pretty solid. Funds from operations totaled \$3.56 per share for the year, putting shares at 14.5 times the metric investors use as an earnings substitute for REITs. Thanks to the strong earnings, management felt comfortable hiking the monthly dividend from \$0.17 per share to \$0.1875. That's a yield of 4.4% with a payout ratio of just 63% of funds from operations.

Boardwalk owns nearly 33,000 apartments across Canada with approximately 60% of the portfolio located in Alberta. Management owns 25% of the company, it has perhaps the best balance sheet in the whole REIT sector, and it continues to be one of the top landlords in every market it operates in. If only every company was as well prepared to handle lean times as Boardwalk.

Boardwalk plans to use the weak economy to its advantage; it announced several new developments that will be studied over the next few months. If construction costs are low enough, the company will use its ability to borrow to grow the business.

Neither Telus nor Boardwalk REIT will get an investor rich in a hurry. But when you extend the time frame over a few decades, I can think of few better choices.

CATEGORY

1. Dividend Stocks
2. Investing

POST TAG

1. Editor's Choice

TICKERS GLOBAL

1. NYSE:TU (TELUS)
2. TSX:BEI.UN (Boardwalk Real Estate Investment Trust)
3. TSX:T (TELUS)

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