



Telus Corporation: This Boring Stock Could Make You a Millionaire

Description

Boring stocks should be an investor's best friend.

The problem is that many of us don't realize it. Investors often eschew tried and true strategies for all sorts of weird stuff. They might look for huge upside in beaten-up value stocks. They might be attracted to a sexy growth story featuring some technology that has the potential to change our lives. Or they might use short-term trading strategies to try and get an edge on the market.

I don't want to mock any of those strategies, because there are investors who make them work. There are value and growth investors who trounce the market on a regular basis. But they're the minority, not the rule. For every success story, there are dozens of investors who should just stick to something easy.

I say these investors should embrace a simple investing philosophy. They should load up on shares of Canada's best blue-chip stocks with the intent to hold for a very long time. And then they should forget about their portfolios. Let the super investors of the world worry about current ratios and cash flows, while you go fishing.

Such a strategy isn't foolproof, because nothing is. But it has a very good chance of succeeding. It's been pretty successful over the last few decades. There's no reason to believe the next few will be any different.

The only thing investors need to figure out is what stocks should form the core of this permanent portfolio. Here's the case for making **Telus Corporation** ([TSX:T](#))([NYSE:TU](#)) one of the largest positions.

A great business

In the last 20 minutes, I've looked at my smartphone approximately 10 times. I'm hopelessly addicted.

I'm not the only one, of course. It seems like everyone under 40 spends much of their downtime staring at that little screen. It's gotten to the point where people are lamenting our lack of face-to-face

interaction.

There's a very easy way to invest in this trend, and that's through Telus. Although Telus doesn't boast the largest number of wireless subscribers—that honour goes to **Rogers Communications**—it is the leader in something else: an important industry-specific term called churn.

Churn measures a company's ability to keep its customers. The lower the churn, the better a company is at keeping its clients from bolting to the competition. With standard cell phone contracts now only lasting two years instead of three, customers have more opportunity to leave.

And yet, Telus customers aren't. The company has kept churn below 1% for months now, a number that's lower than both of its main competitors. The company accomplishes this by giving frontline customer reps the discretion to do what they can to keep customers.

Telus also differs from its competitors in one other big way. It's a pure play on delivering content. Its two main competitors in the wireless space have diversified into the media business, owning assets like television networks, radio stations, and sports teams. Margins from these types of assets aren't as dependable as those in the delivery business. In short, there's more money to be made delivering the content than producing it.

How Telus can make you rich

Over the last 15 years, it's been good to be a Telus shareholder.

Including reinvested dividends (but excluding any commissions or taxes) an investment in Telus would have returned 10.67% annually. That means an investment worth \$50,000 made in April 2001 would be worth nearly \$230,000 today.

Assuming Telus can deliver the same performance over the next few decades, amassing \$1 million from Telus shares isn't that hard over an investor's lifetime. All it would take is an investment of \$4,000 annually over 31 years to make it over the \$1 million threshold. If an investor could maintain such an investment for 40 years, it would be worth more than \$2 million. Not bad for just \$4,000 per year.

That's not exactly easy, but I'd wager it's certainly achievable for the vast majority of people reading this. But Telus isn't the only company capable of delivering that result over the long term. These other three dividend payers are just as attractive.

CATEGORY

1. Dividend Stocks
2. Investing

POST TAG

1. Editor's Choice

TICKERS GLOBAL

1. NYSE:TU (TELUS)
2. TSX:T (TELUS)

Category

1. Dividend Stocks
2. Investing

Tags

1. Editor's Choice

Date

2025/08/24

Date Created

2016/04/06

Author

nelsonpsmith

default watermark

default watermark