



## Investors: Yawn All the Way to the Bank With Telus Corporation

### Description

There's a huge difference between being excited about investing and making investing exciting. The former is something most investors need to succeed. The latter is something that can really kill returns.

Investors who need to get an adrenaline rush from their investments are making a huge mistake. By investing in crazy schemes like tech companies with no revenue or speculating using options, these investors are damaging their prospects for long-term wealth.

These are not the kinds of moves successful long-term investors make. These are the moves made by hedge fund managers with very impressive credentials.

Regular investors should just accept that investing is boring and save the excitement for other parts of their lives. Besides, it actually turns out that some of Canada's most boring stocks have been terrific investments when held over the long term. Who can't get excited about that?

One such stock is **Telus Corporation** ([TSX:T](#))([NYSE:TU](#)). Here's the case for buying and holding this blue-chip stud for the next few decades.

### A huge moat

Over the years, Telus and its two main competitors have spent billions buying up Canada's best wireless spectrum. These investments have created huge competitive advantages that can't be easily replicated. You can't just open up a spectrum factory.

Telus has also invested heavily in its network of retail stores. There are hundreds of locations in shopping malls and other convenient locations across Canada, all waiting to sell mobile devices customers. These locations just add to Telus's moat. They make it easy for customers to drop in and speak to reps.

And finally, the company has a refreshing attitude about its phone staff. By giving front-line reps the ability to offer discounts and other perks, the company has made the customer experience of calling in a much more pleasant one.

These investments have paid off. Telus's churn rate, which measures how likely customers are to leave for a competitor, is consistently under 1%. That's the lowest level in Canada. Loyal customers are more profitable than ones that bounce around looking for the best deal.

### **Reasonable valuation**

It isn't just enough to buy a great company. Investors must also get in at a reasonable price.

Telus checks off that box. Shares currently trade hands at \$41.89 each, putting the company at approximately 18.5 times trailing earnings. That's not bad for a company with such consistent revenues.

The stock gets cheaper when we look at forward earnings. According to analyst estimates, Telus is projected to earn \$2.66 per share, putting shares at just 15.7 times forward earnings. And 2017's projections are even better with the company expected to earn \$2.82 per share.

### **A nice dividend**

Thousands of dividend investors have Telus as one of the stalwarts in their portfolio. It's easy to see why.

Not only does the company pay a terrific current yield of 4.4%, but it also has an impressive history of growing that dividend. In the last decade, the quarterly payout has been hiked from \$0.138 per share to \$0.46, which is good enough for an annual increase of approximately 13%.

### **A proven wealth compounder**

The last 15 years have been very good to Telus shareholders.

Including reinvested dividends, a \$10,000 investment made in Telus back on June 30, 2001, is currently worth \$46,133. That's an annual return of 10.7%, crushing the return of the TSX Composite Index in the same period.

This investment would be spinning off some serious income as well, currently generating more than \$2,000 per year in dividends alone. That's the kind of passive income that can really make a difference.

Telus has pretty much everything investors look for. It pays a nice dividend, enjoys a dominant market position, and shares trade at a reasonable valuation. It even has a demonstrated history of outperformance. That might not be as exciting as options or risky biotech stocks, but that's okay. Save the exciting stuff for other parts of your life and keep investing boring. Your portfolio will thank you.

### **CATEGORY**

1. Dividend Stocks
2. Investing

## TICKERS GLOBAL

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

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### Date

2025/07/07

### Date Created

2016/06/30

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