



## Is Telus (TSX:T) Stock a Good Candidate for Your TFSA?

### Description

If you're looking for a solid dividend stock to add to your Tax-Free Savings Account (TFSA), then Canadian telecom companies offer one of the best avenues. They operate in an environment where competition is limited and demand for telecom services is growing.

That combination makes this sector a [lucrative place for investors](#), such as those who invest through their TFSA, to build wealth over the long run. Now, with the central bank on the sidelines for at least this year, their high dividend yields and growing payouts offer an attractive proposition. Among Canada's Big Three telecom companies, **Telus** ([TSX:T](#))([NYSE:TU](#)) is certainly a good option to consider if you have some space available in your TFSA.

### Earnings growth

In an earnings announcement in May, Telus showed that demand for its services remains strong, and it's adding more subscribers to its network. During the quarter, Telus added 99,000 new customers to its network, up 50% over the same period last year.

Telus says its profit rose to \$0.71 per share for the quarter ended March 31, up from \$0.69 a year ago. Operating revenue also rose to \$3.51 billion, up from nearly \$3.38 billion in the first quarter of 2018, helped by higher wireless and wireline data services revenue growth.

On an adjusted basis, Telus says it earned \$0.75 per share for the quarter, up from \$0.73 per share a year ago.

### Potential risks

If you want to buy Telus stock, then you should be aware of one risk that this company is facing due to a possible ban for using equipment by Chinese vendor **Huawei Technologies**. Telus has a long relationship with Huawei and plans to use its gear in the deployment of its 5G networks.

Canada's telecom operators, including Telus, have been dragged into the trade dispute between the U.S. and China. Telus has publicly warned of a material risk of higher costs if the Canadian

government bans wireless carriers from working with Huawei.

Ottawa is conducting a cybersecurity review of the use of the Chinese company's gear for 5G networks. Three of Canada's intelligence allies — the United States, New Zealand, and Australia — have already announced restrictions on Huawei equipment for the build-out of next-generation cellular service.

## Bottom line

[Telus](#), at \$48.24, is still an attractive buy for your TFSA. For long-term TFSA investors, any dip in Telus stock should be a buying opportunity to take advantage of its growing dividend yield. Telus currently pays a \$2.25-a-share annual payout, yielding 4.65%.

### CATEGORY

1. Dividend Stocks
2. Investing
3. Stocks for Beginners

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