One High-Yield Dividend Stock to Stash in Your TFSA for a Bear Market

Description

In a bear market, dividend stocks are the most popular option for investors wanting to protect their investments from a market crash. Some investors are happy investing in alternative assets like short-term bonds and T-bills, and others look to dividend-paying stocks.

Stocks that provide a steady income stream over time are a much better option to consider in challenging times for the market. Of course, you cannot rely on just any dividend-paying stock in a bear market. A wise approach would be to consider stocks from an industry that will weather the bear market better than others.

The telecom sector is ideal to look for stocks of companies that can weather a bear market well. No matter how bad things get, people will need their internet connections, cell phones, and even TVs. Compared to other sectors, the slowdown in business for telecom stocks will not be as severe. A dividend-payer from Canada's telecom industry can significantly bolster your TFSA.

To this end, **Telus Corporation** (TSX:T)(NYSE:TU) is a telecom giant in Canada that you should consider. I am going to discuss Telus' dividend yield, revenue growth, earnings growth, and more. Understanding Telus better can help you determine whether or not the company's stocks are worth investing in for your TFSA.

Canadian telecom giant

Telus is a $28.64 billion market capitalization titan in Canada's telecom sector. The company's performance aligned with the broader market's performance over the past 12 months. Compared to the 52-week low on December 24, 2018, Telus stocks are up almost 7% right now. Trading for $47.57 per share at time of writing, the stock is 6.7% down from its 52-week highs on June 6, 2019.

By the end of 2019, analysts expect Telus to grow its sales by 2.8% to reach $14.77 billion. Beyond 2019, Telus is expected to increase sales further by 4.1% to reach $15.38 billion during 2020. The stock's value is 1.98 times forward sales, with analysts pegging Telus' EPS to rise by 2.1% this year. They expect Telus earnings to increase by 4.7& over the next five years.

The forward-price-to-earnings ratio for Telus is 17.99 at time of writing, making it look like the company's stocks are overvalued, despite a juicy dividend yield of 4.73%. Telus added 154,000 new customers to its network in 2019, a 45% increase from this time last year. Another significant metric working in favour of the company is excellent customer satisfaction.

Continuing earnings growth can allow Telus to meet its goals of increasing dividend payouts to 7%–10% by 2022. The company announced its plans to increase dividend payouts in May 2019, based on its improving performance. Currently, Telus disburses $2.25 in dividends per share annually. With a 74.83% payout ratio, I think Telus has the room for dividend growth.

Foolish takeaway

At the current price of $47.57, Telus has not performed better than other dividend-paying companies. Still, I think Telus could be an ideal choice for long-term TFSA investors. The dividend stock can add safety to any portfolio to increase the growing income at a steady pace. I think this stock could be worth your time.

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Author
adamothman