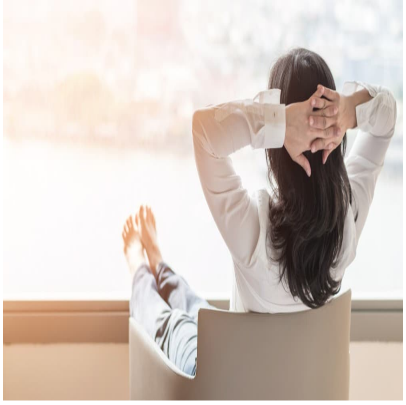

TFSA Investors: Here's the Only Way to Get to a $1 Million Portfolio

Description

If you have dreams of having a portfolio that reaches $1 million one day, know that the possibility of that happening isn't farfetched.

While it isn't impossible to grow your portfolio to $1 million, it's not easy either, and it will require diligent research and discipline to stick to your investing principles, finding great businesses that you want to own for the long term.

While it may be tempting to buy a company for some short-term gains, or invest money in high-risk, high-reward stocks, the consequences could be devastating, so investors are best off sticking to a long-term strategy.

This is the only way investors have a chance to grow their portfolio to $1 million or more, and it will require the powerful nature of compounded income to grow your investments.

By investing for the long term and letting compound income do its thing, investors only have to worry about selecting a handful of high-quality companies you want to own forever and let the market take care of the rest.

If you have an investing timeline of 35 years and can save $500 a month to invest, or $6,000 a year, if you start with $0 today, you would need to earn a compounded annual growth rate (CAGR) of just 7.75% to hit the $1 million mark in that time span.

A long-term CAGR of 7.75% is not that difficult to achieve, especially if you are selecting high-quality stocks like **Telus Corp** (TSX:T)(NYSE:TU) that you can buy and hold forever.

Telus is one of the big three telecoms in Canada and one of the best companies that investors can own on the **TSX.**

Part of the reason that Telus has been so successful is due to its industry leading mobile churn rate, which sees the smallest number of customers leave for other competitors when their contracts expire.

This is a direct result of Telus' strong network as well as its high-quality customer service, keeping its customers satisfied.

From an operations standpoint, the company is as consistent as can be, earning a return on investment between 15% to 18% each year since 2011. This is an attractive feature that all investors love to see, as there are no real surprises with its business.

Telus' growth is also an attractive feature, increasing its earnings before interest, taxes, depreciation and amortization (EBITDA) considerably since 2009. In the past 10 years, its EBITDA is up more than 50%, or a CAGR of roughly 4.5%, pretty significant for such a massive $30 billion company.

The growth in its EBITDA has driven the growth in its share price, as its valuation metrics have stayed largely the same. This has resulted in share price appreciation of nearly 25% in the last five years, a pretty attractive amount.

It becomes even more attractive when you factor in the major dividend that Telus pays that yields roughly 4.5% currently, which is increased annually.

Its dividend is highly stable too, paying out only 75% of earnings, making it one of the best stocks on the Canadian Dividend Aristocrats list.

One last reason why you can sleep easy owning a company like Telus for the long term is that the telecommunications industry is one that will see major growth for the foreseeable future, especially as 5G comes online and opens up a tonne of new possibilities.

Communication is a staple in our economy these days, so Telus is providing consumers and businesses with an essential service.

Investors can gain exposure today at a price-to-earnings ratio of just 18 times, a fair valuation for one of the best and most reliable blue chips on the **TSX**.

It's the exact type of stock you'll want to buy and forget about, and let the compounding do its magic while you focus on finding a new company in which to reinvest all those dividends.

CATEGORY

1. Dividend Stocks
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