



1 Top Dividend Stock I'd Invest \$1,000 Into Now!

Description

While the **S&P/TSX Composite Index** continues to rise higher (only 7% below all-time highs), a number of dividend stocks still hold some attractive value. The reality is, with interest rates so low, investors can hardly find any income yield in bonds. Further, in merely holding cash, you are actually losing money after inflation.

“Cash is trash,” so buy dividend stocks

As hedge fund manager Ray Dalio noted earlier this year, “cash is trash.” Increasingly, investors have no choice but to be invested in dividend stocks to help supplement their income requirements. Fortunately, I have one top dividend stock recommendation that would be a perfect investment for \$1,000 as we go into the fall.

Put \$1,000 into this solid dividend stock

Telus ([TSX:T](#))([NYSE:TU](#)) is one resilient dividend stock income investors ought to have on their radar. Telus pays a great 4.8% dividend. While its yield is attractive, there are a number of catalysts that make this more than just a “dividend stock.”

First, Telus has demonstrated relatively solid results through the pandemic, as opposed to some of its peers. In its recent second quarter, it *added* 141,000 net customer additions across its wireline and wireless segments. It grew revenues by 3.6% year over year.

Over the past five years, Telus has invested heavily in its fibre networks. As a result, it has been named as the fastest provider of data and broadband in Canada. With more people working from home, demand for the highest-quality internet is helping bolster strong customer growth and low customer churn.

5G could propel long-term cash flow growth

Second, Telus should see some new growth from the 5G transition. **Apple** is expected to [unveil its new 5G iPhone product line](#) sometime this fall. This will commence the start of the “5G transition” in society. This dividend stock should benefit from many, if not all of its customers, eventually upgrading their cellular devices to include enhanced 5G capabilities.

Telus’s growth verticals will give shareholders some nice upside

Lastly, rather than invest in costly media divisions, Telus has invested into a number of digital growth verticals. If the pandemic has signified anything, it is that our world is increasingly moving digital and online. Fortunately, Telus recognized this long ago and started building a presence in the space.

[Telus Health has become Canada’s leading provider](#) of digital health management, home health monitoring, and virtual care in Canada. In March, when the pandemic hit, Telus Health, saw what its chair called “an exploding demand for its services.” Tele-health and virtual care stocks have seen rapid valuation expansion this year. I think a potential spin-out of this division could create significant value for Telus shareholders.

Telus International helps businesses integrate digital experience with customer experience. It helps provide AI and bot, work-from-home, IT, and digital advisory solutions. This business is primed for growth in the post-pandemic world. It could also be a spin-out candidate. I don’t think the stock market adequately reflects these segments value, so I think there is some upside ahead for this dividend stock.

The Foolish takeaway

With Telus stock, dividend investors get a steady wireline and wireless business that likely grows by 3-5% a year (perhaps more, considering 5G). Investors can expect the dividend to grow at the same rate. Investors than get some “cherry-on-the-cake” upside from its growth-orientated verticals. Considering this dividend stock is still trading about 12% below its February price, Telus is a bargain, and I wouldn’t be afraid to invest \$1,000 in it today.

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