



## This Passive Income Stock Is Up 16% This Year!

### Description

Passive income stocks aren't usually growth stars. By diverting most of their free cash flow to shareholders as dividends, they keep little to reinvest. That slows down growth considerably.

However, one of Canada's largest wireless service providers has delivered a hefty dividend and impressive capital gains this year. **Telus** ([TSX:T](#))([NYSE:TU](#)) stock is up 16% year-to-date. That's better than most tech stocks. In fact, Telus has outperformed **Lightspeed Commerce** over the same period!

Investors who missed out on the initial run higher might be wondering whether the stock is still a buy, especially after a recent bounceback following a pullback from 52-week highs of \$29.99.

Here's a look at why Telus is a dividend growth stock to have on your watch list.

### Impressive third-quarter results

The stock has been edging higher as investors react to solid underlying fundamentals that affirm Telus is still in a phase of robust growth. The company is fresh from delivering solid Q3 results characterized by the addition of a record 320,000 new customers.

Mobile net additions increased by 135,000 at the back of some of the lowest churn rates. Telus reported a net profit of \$358 million, affirming solid performance despite the challenges in place due to the pandemic.

The company's top-and-bottom lines are poised to experience a significant boost on Telus inking strategic partnership with General Motors. The deal paves the way for the company to deploy 5G connectivity in the automaker cars to enhance in-car services. The deal explains why the stock has been edging higher in recent days.

Unlike other heavyweight telcos, Telus is investing capital in growth ventures beyond its core business. Telus Health is the best example of this. The company's virtual health care unit registered tremendous

growth during the pandemic. This could be a key growth driver in the near future too.

## Dividend hike

Additionally, the company has raised its dividend offering by 5.2% year-over-year, taking its yield all the way up to 4.5%. That's higher than what is on offer from its peers. The [4.5% dividend yield](#) should be intriguing for anyone looking to accrue some passive income on the side.

There is no doubt that Telus is trading at a premium after a recent spike near 52-week highs. However, the stock is well-positioned to continue edging higher as investors take note of the company's double-digit year-over-year growth.

Additionally, growing profits that allow the company to hike its dividend offerings affirm its ability to generate shareholder value. Year to date, the company has returned close to [\\$1.66 billion](#) to investors in dividends. Consequently, the stock looks set to continue edging higher after the recent bounce back.

Telus is an excellent example of a dividend growth stock. The company has enough cash flow to reward shareholders while its investments in technology and new ventures are driving capital gains. Investors looking for a safe, long-term bet should certainly consider Telus stock.

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