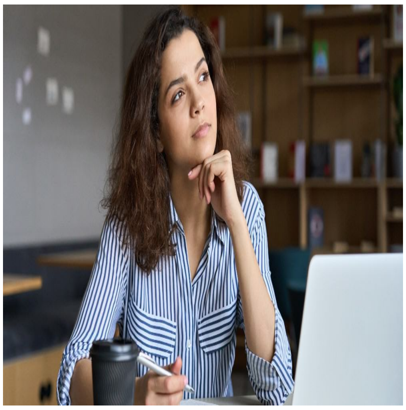

TFSA Investors: A Passive-Income Stock to Buy and Hold Indefinitely

Description

Tax-Free Savings Account (TFSA) investors should take advantage of the opportunities that come their way, with less focus on where the broader market will be next week or next month. At the end of the day, it's impossible to time perfect entry points into markets. The sought-after bottom is hard to catch, and investors should not attempt to catch it. Otherwise, they could find themselves waiting too long and having to buy stocks at much higher valuations.

With the S&P 500 down around 9% in just a matter of weeks, it's difficult to remember what it was like for the markets to have a winning streak. Indeed, volatility has gone in both directions over the summer. The June-August rally made us all too familiar with green days. With the scary September season upon us, stocks seem to do nothing but plunge, with a greater chunk of the June-August gains dissipating by the day.

Why not wait for a return to the June lows as market momentum reverses?

It's frustrating for investors who thought the rally off the June lows was the beginning of the end of the 2022 bear market. While September is a scary month of the year, I'd not be willing to put off my stock purchases until the June lows are touched.

They may never be touched, and those who are waiting around may have nothing to wait for but higher multiples. Remember, greater clarity can come at a higher price. That's why I'd much rather put some money to work in the TFSA today, rather than waiting for the tides to change and running the risk of another near-term pullback.

Though the bears will always say things will get worse, I view a 9% pullback as healthy after the steep melt-up we enjoyed between June and August. At the end of the day, sharp moves in either direction shouldn't be viewed as sustainable. With a sharp move lower now in the rear-view, I'd look for markets to find their footing, as we come to terms with the rate hikes to be dealt.

Currently, I'm a big fan of **Telus** (TSX:T)(NYSE:TU) and its 4.6% dividend yield.

Telus

Telus is a telecom behemoth that boasts a 4.6% dividend yield at the time of writing. The stock fell around 20% from peak to trough before recovering to around $29 and change per share — where shares are today. Higher rates aren't great news for the telecom sector as a whole, given the hefty expenditures needed to roll out the new generation of telecom tech (5G and fibre).

In the latest quarter (Q2), Telus reported a mild beat, with EPS (earnings per share) coming in at $0.32, slightly above the $0.29 estimate. Despite the beat, Telus seemed to have lost a bit of ground with its peers on the APRU (average revenue per user) front. Further, Telus's 93,000 net mobile subscriber additions in Q2 was the lowest of the Big Three. For example, **Rogers** added 177,000 subscribers.

Though coming up short versus rivals in Q2 may ring alarm bells, I'm not at all worried. Rogers's July outages could induce many customers to switch as their contracts expire. Indeed, one telecom's loss is another's gain. With such a robust network and a history of strong customer satisfaction, I expect Telus could be a big beneficiary of what could be a coming wave of Rogers switchers.

At just 22.2 times trailing price-to-earnings (P/E), which is in line with industry averages, I don't think Telus's favourable road ahead has been factored into the stock yet. Sure, a recession looms, but Telus is more than capable of share-taking its way to decent results through a macro rough patch.

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joefrenette