



WEEKEND READING

Shedding the light on what's happening - our world - our finances - our times

Be bored. Make money

We start with the far-from-boring AI play 'OpenAI'.

Is OpenAI worth anywhere near \$150 billion without the employees who actually built it?

We clarify OpenAI is not publicly trading... yet. The \$150 billion figure derives from private placement valuations.

<https://sherwood.news/business/openai-valuation-employees-quitting-mira-murati/>

DISCLOSURE: We have no position in OpenAI personally, for family or for clients.

Interest Rate Cuts Have Minimal Impact on How Americans View Their Finances, Yet Many Plan to Boost Spending – Civic Science Sept 30, 2024

Conspiracy theorists like the US Heritage Foundation, originators of 'Project 25', have implied recent Federal Reserve Interest rate cuts were politically driven, adding to the 'it's all rigged' narrative so favorable to enemies of democracy. We set this conspiracy idea firmly aside, but it raised the question – 'Have US Federal Reserve Interest Rate cuts altered American consumer confidence?' IE: Is there any political expediency to rate cuts? Civic Science surveyed Americans to find out. The answer is 'not really', unless you're rich.

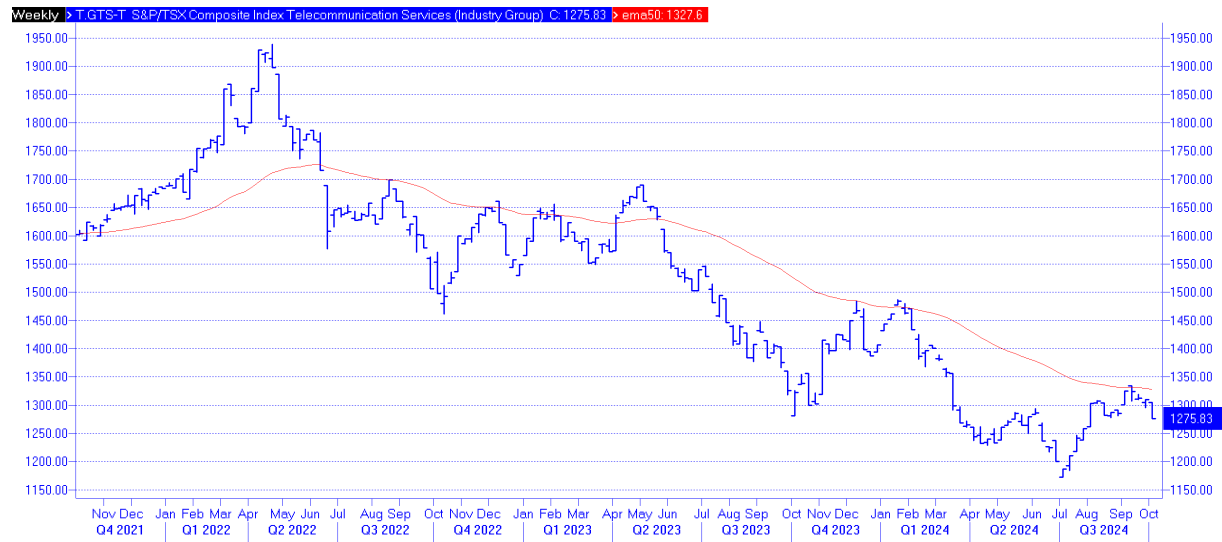
<https://civicscience.com/interest-rate-cuts-have-minimal-impact-on-how-americans-view-their-finances-yet-many-plan-to-boost-spending/>

Falling interest rates may not impress consumers, but it surely perks up investors. Higher yielding dividend stocks often get a lift.

Cdn Telco updates.

The Canadian Telecom sector is out of favor. Stock prices are in the dumpster. From highs around 1900 in early 2022 the TSX Telcom index has declined 34%. Investors are bored. Meanwhile dividends have been steady to increasing. Higher-than-average dividend yields are on offer.

SP/TSX Comp Telecom Services Index – weekly 3 years



Source: Refinitiv, NBF, Hilberry

What does NBF Research think?

(prices and yields mid-session Oct 4, 2024)

BCE Inc (BCE-TSX-\$45.94-div yield 8.6%)

NBF's Adam Shine reduces his opinion from Outperform to 'Sector Perform', cutting his price target from \$52 to \$48.

<https://nbf.bluematrix.com/links2/secure/pdf/377a9649-255d-4a88-b3ba-788ef916ee4f>

Telus Corp (T-TSX-\$22.37 – div yield 6.9%).

Mr. Shine maintains his 'Outperform' rating with a price target of \$24.

<https://nbf.bluematrix.com/links2/secure/html/7797d883-8110-4e82-9b32-2d23d7912cf3>

What do we think?

We think it's time to own these companies. It's a bad time to sell. An even-dollar investment into these two generates a 7.7% dividend yield. Assuming no dividend or profit growth, a 7% return doubles in ten years. Achieving a 10% annual return implies a 3% annual average price gain. Below the radar boring, unsexy, with no bragging rights on offer. As always, dividends are not guaranteed, are paid at the discretion of management and may be reduced or eliminated at any time. Prices can fall and losses can result.

DISCLOSURE: We hold BCE and Telus personally, for family members and for client accounts over which we have trading authority. We have traded in the securities within the past 60 days. Please see additional important information at the end of this document.

Canadian Banks

We've been advising Canadian banks looked cheap. We've featured Bank of Nova Scotia in weekly comments and at our recent seminars.

The following three slides are from our Oct 24, 2023, seminar

Scotia Bank (BNS-TSX-\$56.68)



Source: Refinitiv, Steve Hilberry



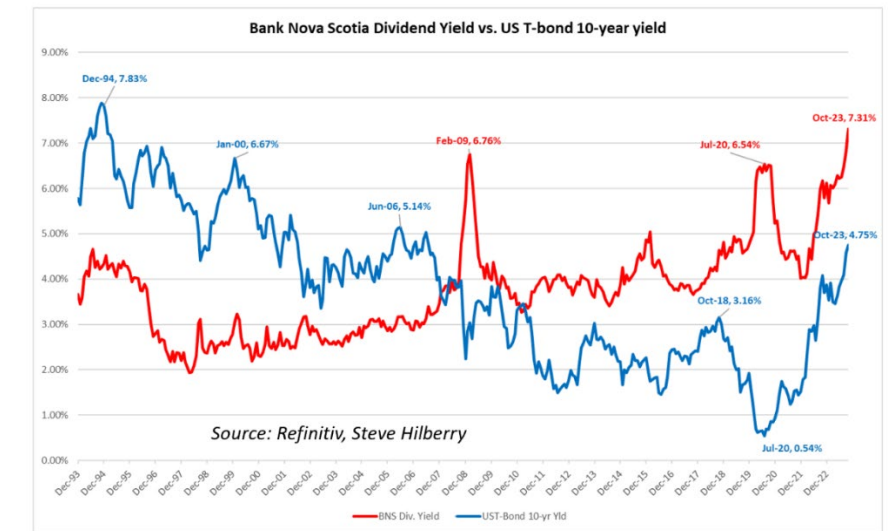
Bank of Nova Scotia 1988-2023 Price vs. Book Value



Source: Refinitiv, Steve Hilberry



Bank of Nova Scotia: Dividend Yield at 30 year high



How did it work out?

Bank of Nova Scotia (BNS-TSX-\$71.98) Oct 20 /2023 to Oct 4, 2024



Source: Refinitiv, NBF Hilberry

Scotia Bank's share price is up 27% from our Oct 2023 seminar. The quarterly dividend has remained steady at \$4.24 annual. Adding the 7.4% cash yield to 27% price gain takes the total return to 34.4%.

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The Hilberry Canadian Dividend Growth Portfolio total return from our Oct 24, 2023, seminar date to the close of trading Oct 3, 2024, has been +25.4%. The ten-year average annual return has been +11.59% (live portfolio – information available upon request). Boring can be good. Voters take note!

Have a Great Weekend

Steve & Anna Hilberry

Steve & Anna Hilberry



FOR THE RECORD October 3, 2024

DOW INDUSTRIALS:	42,011
S&P 500:	5,699
S&P/TSX COMP:	23968
WTI:	\$75.40
LOONIE IN \$USD:	\$0.7366 \$US

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