



## 2 Dividend Growth Stars for All Investors

### Description

The weak outlook for the Canadian economy has dividend investors looking carefully at their holdings and wondering where they should invest new money.

Here are the reasons why I think **Telus Corporation** ([TSX:T](#))([NYSE:TU](#)) and **Bank of Montreal** ([TSX:BMO](#))([NYSE:BMO](#)) are worth considering right now.

#### Telus

Telus operates in a recession-resistant sector that enjoys significant barriers to entry. That's good news for dividend investors in the current environment.

Telus continues to grow both its wireless and wireline operations. The company also boasts the lowest churn rate in the industry and its happy customers are using more data and racking up higher bills. In Q1, 2014 the company's blended average revenue per user (ARPU) increased to \$62.34. It was the 18th consecutive quarter of year-over-year ARPU growth.

The mobile division is strong but Telus is also seeing solid results on the wireline side. Telus TV and the company's broadband Internet services are adding new subscribers at a healthy rate and Telus Health is now a major player in the growing market for digital health solutions.

Telus has a fantastic history of dividend growth. The company has increased the distribution nine times in the past four years. The current payout of \$1.68 per share yields 3.8% and investors should see the dividend continue to grow at a steady pace.

As the economy works its way through some tough times, people might cut back on expensive coffees or nights out at the movies, but they still need their mobile phone and Internet service and are very unlikely to abandon their TV subscriptions.

#### Bank of Montreal

Canada's oldest bank gets its earnings come from a variety of segments and that diversity makes it

particularly attractive right now.

Bank of Montreal has more than 600 branches and two million customers located in the U.S. Midwest. The company is benefitting from strong commercial loan growth in the region and with USD:CAD exchange rate now above \$1.30, the earnings coming from the American operations are even more important.

In recent years the company has also invested heavily in its international wealth management operations. This diversification will help offset any slowdown in Canada.

Bank of Montreal has been sharing its profits with investors since 1829. The company currently pays a dividend of \$3.28 per share that yields about 4.5%. Income investors like the return but the stock is also on the radar of value investors because the shares are trading at just 10.4 times forward earnings and a very reasonable 1.5 times book value.

Given the safe dividend and attractive valuation, investors of all ages should be comfortable buying the stock right now.

## **CATEGORY**

1. Bank Stocks
2. Dividend Stocks
3. Investing

## **TICKERS GLOBAL**

1. NYSE:BMO (Bank of Montreal)
2. NYSE:TU (TELUS)
3. TSX:BMO (Bank Of Montreal)
4. TSX:T (TELUS)

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