



Attention Pensioners: 2 Top Dividend Picks for Conservative Income Investors

Description

The recent volatility in the stock market doesn't hurt young investors because they can afford to ride out the gyrations. In fact, many even add to their positions when markets go into retreat. Pensioners, on the other hand, rely on stable distributions to supplement their income, and prefer to own stocks that hold up well in ugly markets, just in case they have to cash out to pay some bills.

If you are part of the income crowd, it might be a good time to put some extra cash into **Fortis Inc.** ([TSX:FTS](#)) and **Telus Corporation** ([TSX:T](#)) ([NYSE:TU](#)). Here's why.

Fortis

Fortis operates electricity generation and natural gas distribution assets in Canada, the U.S., and the Caribbean. This might not sound very exciting, but income investors are not looking for entertainment; they would prefer to own stocks that put them to sleep.

Fortis is exactly what the doctor ordered.

The company is very well managed and continues to add strategic assets that guarantee long-term growth. Last year, the company acquired Arizona-based UNS energy, and this year Fortis completed the expansion of its hydroelectric facility in British Columbia. Both assets are already accretive to earnings.

The best thing about Fortis is the fact that 93% of its revenue comes from regulated assets. This means cash flow is predictable and reliable. Fortis has increased its dividend every year for the past four decades. That's a fantastic track record, and investors should see the trend continue. Fortis pays a distribution of \$1.36 per share that yields about 3.6%.

Telus

Canada's telecommunications sector is pretty much insulated from the chaos affecting global markets, and Telus in particular looks to be in a very safe place.

The company continues to increase its subscriber numbers in both the wireless and wireline divisions. In the latest quarterly report, Telus said its wireless revenue jumped 6.1% compared with the same period last year, mostly driven by 18% increase in data revenue.

Management has invested heavily in promoting a customer-first culture and that strategy is paying off. Telus boasts the industry's lowest mobile churn rate. Happy mobile customers tend to stick around and apparently they spend more money. Telus said its blended average revenue per user hit \$63.48 in the second quarter, a 2.9% increase over Q2 2014 and the 19th consecutive year-over-year quarterly gain in the metric.

On the wireline side, Telus is attracting thousands of new customers every quarter with its attractive Telus TV and broadband Internet packages.

The company pays a dividend of \$1.68 per share that yields 3.9%. The distribution has increased 11 times in the past five years. Telus also has an aggressive share buyback program.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:TU (TELUS)
2. TSX:FTS (Fortis Inc.)
3. TSX:T (TELUS)

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