

Attention New Investors: 2 Top Dividend Stocks to Get You Started

Description

Investing in stocks can be an intimidating experience, and new investors are often unsure of which companies to pick, and why.

Many of the world's top investors tend to look for dividend-growth stocks that hold strong positions in their industries and are capable of growing earnings over the long term.

With that thought in mind, I think **Agrium Inc.** (TSX:AGU)(NYSE:AGU) and **Telus Corporation** ([TSX:T](#))([NYSE:TU](#)) are solid choices.

Agrium

Agrium is the world's largest retailer of seed and crop protection solutions, and one of the planet's major suppliers of crop nutrients to the wholesale market.

The integrated business model means the company has a built-in hedge against volatility in commodity prices, and that's why the stock tends to hold up well when other fertilizer companies are struggling.

Agrium pays an annualized dividend of US\$3.50 per share that yields about 3.7%. The payout has increased significantly in recent years, and the dividend growth should continue.

Why?

The company recently completed an expansion of its Vanscoy potash facility, and production is starting to ramp up nicely. Agrium is also finalizing work on an expansion at its Borger nitrogen plant, and that should be done by the end of next year.

As these assets shift from development to full production, the company should see an increase in free cash flow available for dividends and share buybacks.

The stock had enjoyed a nice run in the past 12 months, but still trades at a reasonable 11.5 times forward earnings.

The planet has more mouths to feed every year, and that trend is expected to continue until at least 2050. Agrium is a stable way for investors to play the inevitable growth in demand for food.

Telus

Telus is Canada's fastest-growing communications company.

A big reason for the success is management's commitment to industry-leading customer service. Many companies say they care about keeping customers happy, but Telus actually invests the money needed to ensure it meets that goal.

As a result, Telus boasts the lowest mobile churn in Canada and regularly receives the highest revenue per mobile user.

The company is also winning new clients at an impressive clip, especially in the wireline segment. In Q2 2015 Telus added 17,000 net new Telus TV subscribers and 22,000 net new broadband Internet customers. Many of those migrated from the cable competitors.

Telus pays an annualized dividend of \$1.68 per share that yields 4%. The company has increased the payout 11 times in the past five years.

The Canadian market has few serious competitors, and the barriers to entry are high enough that Telus should see continued revenue growth over the long term.

CATEGORY

1. Dividend Stocks
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1. Editor's Choice

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1. NYSE:TU (TELUS)
2. TSX:T (TELUS)

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