



Dividend Stocks to Buy Today

Description

There are many dividend stocks to choose from, but it may be difficult for investors to choose which ones to buy. With a focus on quality and well-run businesses, here are two dividend stocks for you to consider.

I believe they're also priced at proper valuations, so they are good investments for your dollar today.

Telus Corporation ([TSX:T](#))([NYSE:TU](#)) has shown the highest earnings-per-share growth among the Big Three telecoms in the past few years. In fact, Telus's steadily growing earnings have allowed the business to increase dividends since 2004.

It's rare to find Telus with a yield of 4.2%, but now you can buy it at that yield at under \$42 because it just raised its quarterly dividend to 44 cents per share.

For the last five years, it has averaged dividend increases of about 10% per year. Organic growth contributes to that, and Telus also buys back and cancels its common shares.

In 10 years, its share count has reduced by 14.4%. So, if you bought the shares 10 years ago and didn't buy anymore, you would have received growing income and your stake in the business would have grown.

With its strong balance sheet, its S&P credit rating of BBB+, and the fact that Telus is priced around a multiple of 16, the price is fair for quality Telus shares today.

Boardwalk REIT ([TSX:BEI.UN](#)) has fallen close to 30% from its 52-week high of \$71 to its current price of under \$50. Boardwalk is a residential real estate investment trust (REIT) that owns over 34,000 apartments and receives stable rental income from them.

The REIT has maintained occupancy rates of over 98% in the past few years. Additionally, its turnover rate has reduced to 37% from 45% in 2009.

Its price decline is probably attributed to the fact that 65% of its operating income comes from Alberta

and 14% comes from Saskatchewan.

Its payout ratio is under 70%, so there's a margin of safety for its distribution. At under \$50, it yields 4.1%. Boardwalk has maintained its distributions since 2001. Although it doesn't increase its distributions every year, it has increased distributions at a compound annual growth rate of 5.5% in the last decade.

Shareholders may be reassured that there's a high management-equity ownership of 25% in the REIT. If you believe oil prices are going to recover somewhat, consider Boardwalk, which is indirectly affected by the energy industry but is priced at a slight discount compared with historical normal levels.

REITs pay out distributions that are unlike dividends. If you wish to avoid the tax-reporting hassle, you should buy REITs in a TFSA or a RRSP.

In conclusion

Both businesses are priced at proper valuations, but they should be bought for different reasons. You should buy Telus for its stable earnings and strong history of dividend growth. But you should buy Boardwalk for its potential price appreciation and its starting yield of about 4%.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:TU (TELUS)
2. TSX:BEI.UN (Boardwalk Real Estate Investment Trust)
3. TSX:T (TELUS)

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