# 2 Stable Dividend-Growth Picks for 2016

## Description

The Canadian market is wrapping up a tough year, and some of the long-time dividend favourites have really taken a hit.

In times of high volatility, it is a good idea to consider stocks that have low betas, which means they tend make smaller moves up or down than the broader market. A beta below 1.0 means a stock is less volatile than the index.



Here are the reasons why I think **Telus Corporation** (TSX:T)(NYSE:TU) and **Metro Inc.** (TSX:MRU) are smart picks right now.

**Telus**

Telus is the fastest-growing competitor in the Canadian telecommunications market.

Part of the company's success is attributable to its commitment to provide superior levels of customer service. Most mobile operators say they want to keep customers happy, but Telus actually walks the talk and the investment is paying off.

Telus boasts the lowest mobile churn rate in Canada. This is very important now that contracts have been reduced to two years and consumers can switch carriers more frequently.

Happy customers apparently spend more because Telus has increased its year-over-year quarterly average revenue per unit for 20 straight reporting periods.

On the TV side, the country is about to move to pick-and-pay packages, and that has some analysts concerned about the possible impact on revenues. Telus is unique among its peers in that it doesn't have billions invested in media assets, so it is at lower risk than some of the content producers.

As for subscriber spending, I think consumers will simply add channels to the point where they hit their previous monthly rate.

Telus pays a quarterly dividend of $0.44 that yields a safe 4.4%. The stock has a beta of 0.27, which means it is significantly less volatile than the market.

**Metro**

Metro operates grocery stores and pharmacies in Ontario and Quebec.

The company has done a great job of driving revenue growth despite the onslaught of new competitors.

Investors who are concerned about a weakening Canadian economy should look to a company like Metro because it provides the essentials that people need to survive. The company owns both premium and budget brands, so it captures consumers whether they are splurging on the fancy stuff or tightening their belts and buying no-name products.

Fiscal Q4 2105 earnings improved by nearly 14% over the same period in 2014.

The company raised the dividend earlier this year to $1.40 per share, which puts the current distribution almost 17% higher on a year-over-year comparison. Metro targets a payout ratio of less than 30%, so there is plenty of room for further increases.

The stock has a beta of just 0.19.



**CATEGORY**

1. Dividend Stocks
2. Investing

**TICKERS GLOBAL**

1. NYSE:TU (TELUS)
2. TSX:MRU (Metro Inc.)
3. TSX:T (TELUS)

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