2 Dividend-Growth Stocks to Consider for Your RRSP

Description

The new year is upon us and that means it is RRSP season.

Many investors have self-directed accounts, which means they can add dividend-growth stocks to the RRSP investment mix. These days, it's a bit harder to find stocks that are safe, but there are still a lot of them out there.

default watermark

Here are the reasons why I think investors looking for new RRSP picks should consider **Fortis Inc.** (TSX:FTS) and **Telus Corporation** (TSX:T)(NYSE:TU) this year.

Fortis

Fortis operates natural gas distribution and electricity generation assets in the U.S., Canada, and the Caribbean.

The company is a great pick for dividend investors who don't want to worry about revenue streams because Fortis gets 96% of its cash flow from regulated assets. That means the funds coming in are reliable and earnings should be predictable.

Management does a good job of adding high-quality assets to the portfolio. Last year Fortis purchased Arizona-based UNS Energy for $4 billion. It was a big investment, but one that is already paying off. In fact, the integration has gone so well that Fortis recently bumped the quarterly dividend up by 10% to $0.375 per share.

The payout now yields about 4%, and investors should see more increases in the coming years.

Fortis also offers investors a great way to benefit from the rising U.S. dollar because more than 40% of the company's revenue comes from assets based in the United States.

Telus

Telus is another business that generates tons cash, and the company is very generous when it comes to giving part of the profits back to investors.

Telus spent more than $400 million to repurchase shares in the first nine months of 2015. Share buybacks benefit investors because the remaining shareholders own a bigger piece of the pie when the repurchased shares are canceled.

On the dividend front, management recently raised the distribution by 10% and has increased the payout 12 times in the past five years. The company is a cash machine, and investors should see dividend growth continue at a healthy clip.

Third-quarter results were on track with strong net subscriber additions for the company's wireless, Internet, and Telus TV offerings. Customers are also consuming more data, and that is driving up revenues. The blended average revenue per user (ARPU) in the mobile group rose to $64.22, up 1.1% over the same period in 2014. It was the 20th consecutive quarter of year-over-year ARPU growth.

The market recently knocked the stock down on concerns that **Shaw's** purchase of Wind Mobile will increase competition. The shares have since regained the lost ground as investors realize the threat is likely minimal. Telus is more than capable of competing with Shaw for mobile customers.

Telus pays a quarterly dividend of $0.44 per share that yields about 4.5%.

default watermark

CATEGORY

1. Dividend Stocks
2. Investing

POST TAG

1. Editor's Choice

TICKERS GLOBAL

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

Category

1. Dividend Stocks
2. Investing

Tags

1. Editor's Choice

Date
2025/08/25
Date Created
2016/01/04
Author
aswalker

default watermark