

## Income Investors: 2 Top Dividend-Growth Stocks for Your TFSA

### Description

The TFSA offers Canadians a great opportunity to shield investment income from the taxman.

Let's take a look at **Telus Corporation** ([TSX:T](#))([NYSE:TU](#)) and **Inter Pipeline Ltd.** (TSX:IPL) to see why they deserve to be in your portfolio.

### Telus

Telus is Canada's fastest-growing national telecommunications firm with 12.4 million subscribers and annual revenue of nearly \$13 billion.

All telecom companies say they care about customer service, but Telus actually walks the talk, and the results are evident in the numbers. The company has a postpaid mobile churn rate of less than 1% and the blended average revenue per user has increased for 22 consecutive quarters on a year-over-year basis.

Telus is adding new wireless, TV, and Internet subscribers at a healthy rate, and the little-known Telus Health division is now Canada's largest supplier of claims and benefits management solutions to Canadian health professionals.

The company generates a ton of free cash flow, and a significant part of the profit goes into the pockets of shareholders. Telus just increased its quarterly dividend by 9.5% to \$0.46 per share and is committed to boosting the payout by 7-10% per year through 2019.

The stock currently offers a yield of 4.5%.

### Inter Pipeline

The oil rout has taken a toll on any stock connected to the energy sector, but the sell-off in Inter Pipeline looks overdone.

The company operates oil sands, conventional oil, and NGL extraction infrastructure in western Canada as well as a liquids storage division in Europe. With the exception of the NGL extraction group, funds from operations are growing at a healthy clip and Inter Pipeline is generating impressive earnings.

Most of the company's revenue comes from long-term contracts, and the business continues to add new assets. Last year Inter Pipeline completed two major oil sands projects that are now in service. The company also expanded its storage capacity in Europe through an acquisition in Sweden, and new storage space is being built in 2016 to keep up with strong demand. Utilization rates are now at 98% in the European business.

Expansions on the oil sands network will see one project go into service in Q3 this year and two more

by the middle of 2017.

This means revenue should continue to grow, and that's good news for the dividend. Inter Pipeline raised its monthly distribution last November to 13 cent per share. The current yield is 6.1%.

The stock is up about 25% over the past three months, but more upside should be on the way as the energy sector recovers.

## **CATEGORY**

1. Dividend Stocks
2. Investing

## **TICKERS GLOBAL**

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

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