



Should You Buy Toronto-Dominion Bank or Telus Corporation in Your TFSA?

Description

Toronto-Dominion Bank ([TSX:TD](#))([NYSE:TD](#)) and **Telus Corporation** ([TSX:T](#))([NYSE:TU](#)) are two of Canada's top dividend-growth stocks.

Let's see if one is a better pick for your TFSA today.

Telus

Telus is widely recognized as the telecom provider with the best customer service, and management continues to spend heavily to ensure subscribers remain happy campers.

The strategy appears to be paying off. Telus boasts the lowest mobile churn rate in the industry and has chalked up 22 straight quarterly increases in blended average revenue per user on a year-over-year basis.

Internet, mobile, and TV subscriber numbers continue to rise at a healthy clip, and Telus is planning to buy a big chunk of the MTS wireless business from **BCE** as part of BCE's takeover bid for **Manitoba Telecom Services**.

Telus avoided the temptation to jump into the media game, and that decision has freed up billions for other investments, including the company's Telus Health business which is already Canada's top provider of digital solutions to doctors, hospitals, and insurance companies.

The stock currently pays a quarterly dividend of \$0.46 per share that yields 4.5%. Telus plans to boost the payout by 7-10% through 2019.

Toronto-Dominion Bank

TD generated Q2 2016 net income of \$2.05 billion up 10% from the same period last year. The earnings growth is impressive considering the economic headwinds facing the Canadian banks.

The success can be attributed to the strength of the company's retail-banking operations.

TD's army of customer-facing employees is a finely tuned sales machine. Every time a client walks into a branch, they are greeted by the smiling faces of employees who are always ready to recommend a new product or service. The regular onslaught of offers might be a bit much for some customers, but investors love the results.

The bank's Canadian operations generate the most profits, but TD also has a large retail business in the United States. In fact, there are more branches south of the border than there are here in Canada. Banking is more competitive in the U.S., but TD is doing a good job of reducing costs, and the company is benefiting from the large currency spread. Earnings from the U.S. group jumped 21% in Q2 when compared with the same period last year.

TD raised its dividend by 7% earlier this year. The stock currently offers a yield of 4%.

Which should you buy?

Both stocks are solid long-term picks and deserve to be in any TFSA portfolio. If you only have the funds to buy one, I would go with Telus for the higher yield and the prospects of stronger dividend growth over the next few years.

CATEGORY

1. Bank Stocks
2. Dividend Stocks
3. Investing

TICKERS GLOBAL

1. NYSE:TD (The Toronto-Dominion Bank)
2. NYSE:TU (TELUS)
3. TSX:T (TELUS)
4. TSX:TD (The Toronto-Dominion Bank)

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