



RRSP Investors: 2 Top Dividend Stocks to Help Build Your Retirement Fund

Description

Canadians are searching for quality companies to place inside their RRSP portfolios.

Let's take a look at **Telus Corporation** ([TSX:T](#))([NYSE:TU](#)) and **Royal Bank of Canada** ([TSX:RY](#))([NYSE:RY](#)) to see why they might be attractive picks.

Telus

Telus continues to grow at a steady pace.

The company reported Q2 2016 adjusted net income of \$415 million—up 2.2% from the same period last year.

Both the wireless and wireline divisions are doing well with strong subscriber additions for mobile, internet, and TV services.

Telus has avoided the temptation to plough billions of dollars into media assets. Some pundits think that will hurt the company in the long run, but Telus has other growth initiatives, including its Telus Health division.

Telus Health is already Canada's leading provider of secure digital solutions for doctors, hospitals, and insurance companies. As the market expands, investors could see the segment become a significant contributor to earnings.

The company also spends heavily on its customer-first strategy. Most communications providers say they are concerned about customer satisfaction, but Telus walks the talk. As a result, wireless churn is less than 1%.

Telus has a strong track record of rewarding shareholders through share buybacks and dividend increases. The current dividend provides a yield of 4.3%.

Royal Bank

Royal Bank just reported another quarter of stellar results.

The company generated fiscal Q3 2016 adjusted net income of \$2.66 billion. That's 7% better than the same period last year and puts the bank on track to blow through the \$10 billion mark this year.

Royal Bank's secret to success lies in its diversified revenue stream. The company relies heavily on Canadian personal and commercial banking for the largest part of its earnings, but the wealth management, capital markets, and insurance divisions also contribute to the mix.

Management has decided to focus new investment on the U.S. market through the recent US\$5 billion purchase of California-based City National. The private and commercial bank is already contributing to earnings, and investors should see the American operations become more important in the coming years.

Royal Bank just raised the quarterly dividend to \$0.83 per share. That's good for a 4.1% yield.

Is one a better bet?

Earlier this year I would have chosen Royal Bank, but the stock has rallied significantly in recent months, and that has wiped out the advantage.

Telus will probably generate better dividend-growth over the medium term and currently offers a slightly higher yield, so I would give Telus the edge today.

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1. Bank Stocks
2. Dividend Stocks
3. Investing

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1. Editor's Choice

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1. NYSE:RY (Royal Bank of Canada)
2. NYSE:TU (TELUS)
3. TSX:RY (Royal Bank of Canada)
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Date

2025/08/22

Date Created

2016/08/30

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