



## 2 S&P/TSX 60 Constituents to Buy for Dividend Growth

### Description

If you're in search of a high-quality dividend-growth stock to buy and hold for decades, then you've come to the right place.

Let's take a closer look at why **Telus Corporation** ([TSX:T](#))([NYSE:TU](#)) and **Thomson Reuters Corp.** ([TSX:TRI](#))([NYSE:TRI](#)) should be on your radar.

#### Telus Corporation

Telus is Canada's fastest-growing national telecommunications company and its third-largest overall with about 12.58 million customer connections as of September 30. It provides a wide range of communications products and services, including wireless, data, internet protocol, voice, television, entertainment, and video, and it's the country's largest healthcare IT provider.

Telus currently pays a quarterly dividend of \$0.48 per share, representing \$1.92 per share on an annualized basis, and this gives its stock a beautiful 4.6% yield at today's levels.

As Foolish investors know, it's of the utmost importance to always confirm the safety of a stock's dividend before investing, and you can do this with Telus by checking its dividend payments as a percentage of its adjusted net earnings. In its 12-month period ended on September 30, its adjusted net earnings totaled \$2.33 per share, and its dividend payments totaled just \$1.80 per share, resulting in a healthy 77.3% payout ratio.

Not only does Telus offer a high and safe yield, but it's also one of the market's best dividend-growth stocks. This year officially marks the 13th consecutive year in which it has raised its annual dividend payment, and its recent hikes, including its 4.6% hike in May and its 4.3% hike last month, have it positioned for 2017 to mark the 14th consecutive year with an increase.

Telus's dividend growth will not slow down any time soon either, because it has a dividend-growth program in place, which is a major plus for investors. Its program states that it will raise its dividend by 7-10% annually through 2019 by announcing hikes in May and November of each year, so investors can look for its next hike when it reports its first-quarter earnings in May.

### **Thomson Reuters Corp.**

Thomson Reuters is the world's leading source of intelligent information for businesses and professionals. It defines intelligent information as "a unique synthesis of human intelligence, industry expertise, and innovative technology that provides decision-makers with the knowledge to act, enabling them to make better decisions faster."

Thomson Reuters currently pays a quarterly dividend of US\$0.34 per share, representing US\$1.36 per share on an annualized basis, giving its stock a generous 3.1% yield today.

You can easily confirm the safety of Thomson Reuters's dividend by checking its cash flow. In its nine-month period ended on September 30, its free cash flow totaled US\$1.27 billion, and its dividend payments totaled just US\$740 million, resulting in a sound 58.4% payout ratio.

Like Telus, Thomson Reuters has a track record of dividend growth. This year officially marks the 23rd consecutive year in which it has raised its annual dividend payment, and this ties it with **ATCO Ltd.** for the fourth-longest active streak for a public corporation in Canada.

I think Thomson Reuters's dividend-growth potential is very strong going forward as well, because it has been growing its free cash flow at a double-digit rate, including 24.6% year-over-year growth to US\$1.8 billion in fiscal 2015 and 15.9% year-over-year growth to US\$1.27 billion in the first nine months of 2016. It's also worth noting that it traditionally announces its dividend hikes when it releases its fourth-quarter earnings results in February each year.

### **Is one a better buy today?**

I think both Telus and Thomson Reuters represent great long-term investment opportunities, but if I had to choose just one to invest in today, I'd go with Telus because it has a much higher yield and because it has a dividend-growth program in place.

### **CATEGORY**

1. Dividend Stocks
2. Investing

### **POST TAG**

1. Editor's Choice

### **TICKERS GLOBAL**

1. NASDAQ:TRI (Thomson Reuters)
2. NYSE:TU (TELUS)
3. TSX:T (TELUS)

4. TSX:TRI (Thomson Reuters)

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