



Income Investors: 2 Top Dividend Picks to Consider This December

Description

Some of Canada's top dividend stocks have gone on sale in recent weeks amid fears of rising interest rates.

Let's take a look at **Fortis Inc.** ([TSX:FTS](#))([NYSE:FTS](#)) and **Telus Corporation** ([TSX:T](#))([NYSE:TU](#)) to see why they might be attractive picks this month.

Fortis

Fortis owns natural gas distribution, electricity generation, and power transmission assets in the United States, Canada, and the Caribbean.

Most of the company's investments in the past three years have been focused on the U.S., including the recent US\$11.3 billion acquisition of ITC holdings Corp.—the largest independent transmission company in the country.

The addition of ITC means Fortis now has 60% of its assets located in the United States, which makes the stock appealing for Canadian investors who want some decent exposure south of the border.

Fortis has raised its dividend every year for more than four decades, and management expects to hike the payout by at least 6% per year through 2021. At the current share price, the stock offers a safe yield of 4%.

Telus

Telus is one of Canada's core players in the cozy communications market. The big names are constantly in a battle to steal subscribers from each other, but there is a lot of business to go around, and everyone does quite well.

One difference with Telus is its decision to avoid spending billions of dollars on media assets. Some analysts see this as a negative, but time will tell.

For the moment, it doesn't appear to be having too much of an impact. Telus continues to add new internet, TV, and wireless subscribers at a healthy clip, and its year-over-year blended average monthly revenue per user (ARPU) has increased for 24 straight quarters.

One area to watch is the company's Telus Health business, which has grown to become Canada's leading provider of digital health solutions for hospitals, doctors, and insurance companies.

Telus has raised its dividend 12 times in the past six years and is expected to boost the distribution by at least 7% per year through the end of 2019.

The current quarterly payout of \$0.48 per share provides a yield of 4.5%.

Is one a better bet right now?

The sell-off in telecom and utility stocks might have gotten ahead of itself, so both names are looking like good deals right now for buy-and-hold dividend investors.

Although Telus offers the higher yield, I would probably make Fortis the first pick today for its strong exposure to the United States.

CATEGORY

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