



## 2 Solid Dividend-Growth Picks for RRSP Investors

### Description

Canadians are searching for dividend stocks to put in their RRSP accounts.

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 are interesting picks.

### Telus

Telus enjoys a comfortable spot in the cozy Canadian communications space and is doing all of the right things to ensure it stays that way.

How?

All of the players in the industry say they are dedicated to keeping clients happy, but Telus actually walks the talk. As a result, the company regularly posts the lowest mobile churn rate in the sector and has watched its blended average revenue per user (ARPU) increase for 24 straight quarters on a year-over-year basis.

Management has also decided to avoid spending billions on media assets and is instead focused on building its state-of-the art wireline and wireless networks, as well as investing in new growth opportunities.

One segment to watch is health care.

Telus Health is already the country's leader in providing digital solutions to doctors, hospitals, and insurance companies. As the market expands, investors should see the division become a more meaningful source of income.

Dividend investors like the steady track record of distribution increases. Telus has raised the payout 12 times in the past six years and plans to boost the dividend by at least 7% per year through 2019.

The current distribution offers a yield of 4.4%.

## Royal Bank

Royal Bank is an earnings machine. The company generated more than \$10 billion in profit in fiscal 2016, and investors should see the strong results continue.

The company has a balanced revenue stream with operations in personal and commercial banking, wealth management, capital markets, and insurance.

In late 2015, Royal Bank made a big move into the United States with its US\$5 billion purchase of City National. The private and commercial bank provides a solid platform for Royal Bank to increase its presence in the space, and investors could see more deals in the coming years.

Royal Bank is also a solid dividend-growth pick, and the stock still offers an attractive 3.5% yield, even after the big rally.

## Is one more attractive?

Both stocks are top-quality buy-and-hold RRSP picks.

The banks have surged significantly in the past three months, while the telecoms have given up some gains. At this point, I think the pullback in Telus might be a bit overdone, so I would probably make the communications provider the first choice today.

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

2025/08/24

### Date Created

2017/01/17

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