



2 Stocks That Just Raised Their Dividends by 2-10%

Description

Two Canadian giants — **Sleep Country Canada Holdings Inc.** ([TSX:ZZZ](#)) and **Telus Corporation** ([TSX:T](#))([NYSE:TU](#)) — just made very shareholder-friendly moves and raised their dividends by 2-10%. Let's take a closer look at each, so you can determine if you should invest in one of them today.

Sleep Country Canada Holdings Inc.

Sleep Country is Canada's leading retailer of mattresses through its two retail banners: Dormez-vous? and Sleep Country Canada. Dormez-vous? is the leading mattress retailer in Quebec, and Sleep Country Canada is the leading mattress retailer in the rest of Canada. As of March 31, it had 237 stores and 17 distribution centres across the country.

In its first-quarter earnings release on May 9, Sleep Country announced a 10% increase to its quarterly dividend to \$0.165 per share, equal to \$0.66 per share on an annualized basis, and this brings its yield up to about 1.7% today.

Investors must also make the following three notes about Sleep Country's new dividend.

First, the first quarterly payment at the increased rate is payable on May 29 to shareholders of record at the close of business on May 19.

Second, Sleep Country's two dividend hikes in the last 10 months, including its 15.4% hike in July 2016 and the one noted above, have it on pace for 2017 to mark the second consecutive year in which it has raised its annual dividend payment, and the hike it just announced also has it on pace for 2018 to mark the third consecutive year with an increase.

Third, I think its very strong financial performance, including its 45% year-over-year increase in earnings to an adjusted \$0.29 per share in the first quarter of 2017, and its growing store count, which will help fuel future growth, including its addition of two new stores in the first quarter and its expectation of opening another six to 10 new stores by the end of 2017, will allow its streak of annual dividend increases to continue into the late 2020s.

Telus Corporation

Telus Corporation is Canada's third-largest and fastest-growing telecommunications company. It provides a wide range of communications products and services to approximately 12.68 million customers across the country.

In its first-quarter earnings release on May 11, Telus announced a 2.6% increase to its quarterly dividend to \$0.4925 per share, equal to \$1.97 per share on an annualized basis, which brings its yield up to about 4.3% today.

Investors should also make the following three notes about Telus's new dividend.

First, the first payment at the increased rate will come on July 4 to holders of record at the close of business on June 9.

Second, Telus has raised its annual dividend payment for 13 consecutive years, including 13 hikes since 2011 alone. Its three hikes in the last 13 months, including its 4.5% hike in May 2016, its 4.3% hike in November 2016, and the hike it just announced, have it on pace for 2017 to mark the 14th consecutive year in which it has raised its annual dividend payment, and the hike it just announced also has it on pace for 2018 to mark the 15th consecutive year with an increase.

Third, it has a dividend-growth program in place that calls for annual growth of 7-10% through 2019, and I think its strong financial performance, including its 5.7% year-over-year increase in earnings to an adjusted \$0.74 per share in the first quarter of 2017, and its growing subscriber base that will help drive future growth, including its 1.9% year-over-year increase to 12.68 million subscribers in the first quarter, will allow it to complete this program and announce a new one that extends into the late 2020s.

Which of these industry giants belongs in your portfolio?

I think Sleep Country Canada and Telus represent very attractive long-term investment opportunities, so take a closer look at each and strongly consider making at least one of them a core holding today.

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