



Is Telus Corporation or Royal Bank of Canada Better for Your RRSP?

Description

Canadians are searching for top stocks to put in 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 if one is more attractive today.

Telus

Telus reported solid Q4 2017 results with a 4.9% increase in consolidated operating revenue compared to the same period in 2016.

Customer growth continued at a steady pace, with 156,000 postpaid wireless, internet, and TV customer additions in the quarter, representing a 23% year-over-year increase.

Telus works hard to keep its customers happy, and the efforts are paying off in low levels of lost customers. The company reported an industry-leading wireless postpaid churn rate of less than 1%.

Looking ahead, Telus sees 2018 revenue and EBITDA growth of up to 6% and 7%, respectively, and is targeting free cash flow of up to \$1.4 billion.

The company has a strong history of raising the dividend and expects to boost the payout by at least 7% in 2018. At the time of writing, the stock provides a yield of 4.3%.

Royal Bank

Royal Bank generated fiscal 2017 profit of nearly \$11.5 billion.

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

In late 2015, Royal Bank made a big move into the United States with its US\$5 billion purchase of City National, a California-based commercial and private bank. The deal provided Royal Bank with a solid platform to expand its presence in the segment.

Rising interest rates have some investors wondering if trouble could be on the way for the Canadian housing market. It's true that a steep jump in mortgage costs could trigger a wave of home sales, but most analysts expect a gradual pullback in house prices.

Royal Bank has a large mortgage portfolio, but the loan-to-value ratio on the uninsured loans is low enough that Royal Bank can handle a rough patch in the housing sector.

Overall, rising rates tend to be positive for the [banks](#).

Royal Bank has a strong track record of sharing profits with investors and raises the payout on a regular basis. The current dividend provides a yield of 3.7%.

Is one more attractive for an RRSP?

Both companies are market leaders and should continue to be solid buy-and-hold picks for an RRSP portfolio. At this point, I would probably split a new investment between the two stocks.

CATEGORY

1. Bank Stocks
2. Dividend Stocks
3. Investing

TICKERS GLOBAL

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