2 Top Canadian Dividend Stocks to Own Today

Description

Dividend investors are searching for the best stocks in the TSX Index to put in their self-directed TFSA or RRSP portfolios.

Let's take a look at two companies with proven track records of delivering steady dividend growth and long-term returns for shareholders.

Enbridge (TSX:ENB)(NYSE:ENB)

Enbridge plays an important role in the North American energy industry. The company transports a significant amount of Canadian oil to the United States and is a leading player in the natural gas distribution sector.

Major pipeline projects are harder to build these days with public and government opposition causing companies to rethink their growth strategies. That said, Enbridge has ample opportunities for growth across its portfolio of businesses, and its large Line 3 replacement project is expected to be completed by the end of 2020.

Enbridge is making good progress on a turnaround program that was launched in late 2017. The company already found buyers for 80% of the $10 billion in non-core assets it identified through a strategic review and has streamlined the corporate structure by bringing four subsidiaries under the umbrella of the parent company.

The board raised the dividend by 10% this year and intends to repeat the increase for 2020. Beyond that time frame, management is targeting annual growth in cash available for distributions of 5-7%, so the dividend hikes should continue at a steady rate.

The stock is up about 25% from the 2018 low, but still appears reasonably priced. Investors who buy now can pick up a yield of 5.9% and potentially pick up another 20% gain in the share price over the next couple of years.

Telus (TSX:T)(NYSE:TU)

Telus operates wireless and wire line networks across Canada providing customers with mobil, TV, and Internet services.

The company takes client satisfaction seriously and invests heavily to ensure it has happy customers. The efforts turn up in the numbers, as Telus regularly reports the industry's lowest postpaid mobile churn rate. In addition, the company continues to add new subscribers at a steady rate.

Telus has a strong track record of dividend growth, which should continue in the coming years. The business is generating more free cash flow now that it has passed the peak of a large capital program.

Investors should also consider owning the stock for its growth potential in the digital health services sector. Telus Health is already a leader in the industry in Canada and the division could emerge as a major contributor to revenue and earnings in the coming years.

The current dividend provides a yield of 4.4%.

The bottom line

Enbridge and Telus are proven dividend growth stars and should continue to be top buy-and-hold picks.

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