2 Great Canadian Dividend Stocks for New Investors

Description

Dividends are one thing – but dividend safety is another thing entirely. Today we'll take a closer look at two stocks that could both outrun a possible recession and still provide defensive income investors with safe dividends. Both stocks would suit a Registered Retirement Savings Plan (RRSP) or other later-years portfolio, as well as a Tax-Free Savings Account (TFSA). Here's why each stock makes the cut.

A wide-moat telco with a well-covered distribution

Growth through acquisitions isn't every investor's cup of tea, but in an industry characterized by domination by only a few big names constantly on the lookout for each other's customers, it's better than no growth at all. **Telus** (TSX:T)(NYSE:TU) recently snapped up the Canadian operations of ADT in a $7 million deal that expands its customer base and brings added cost efficiency through operational synergies.

Unlike its competitors, Telus is focused on the telecoms market, making it a pure play with all of the steeper capital appreciation that growth in that area can bring with it. Furthermore, Telus is known for growing its dividend with a five-year rate of 7.7% and 7%–10% guidance over the next three years.

While this means that it doesn't have the risk-spreading buffer zone of a media-diversified play, it does mean that Telus is less at risk of lost market share in the ongoing battle for new content streaming subscribers and can focus all of its efforts on a narrower range in which to drive growth. Meanwhile, a 4.8% yield is perfectly serviceable for a buy-and-hold RRSP or TFSA-filling strategy.

A diversified play on a growing economic trend

Not only does **Brookfield Renewable Partners** (TSX:BEP.UN)(NYSE:BEP) pay one of the most secure dividends in the energy sector of the TSX, solidified by world-class asset management and a strongly diversified spread of power generation operations, but it also taps the high-growth trend in ethical investment. Matching Telus point-for-point, Brookfield's current dividend yield is also suitably tasty.

The green economy is picking up some serious steam, and has been proven to be one of the driving forces behind economic recovery post-2008 as well as a source of job creation. Renewables are a green megatrend that could eventually overtake the fossil fuel industry, and Brookfield taps into that efficiently with its focus on value investing, expert-driven growth, and spread of wind and other green assets.

Alongside recycling, satellite servicing, electric vehicles, and the "greening" of industries to adopt greater energy efficiency, clean and renewable energy sources are likely to be one of the most dependable sources of wealth creation for investors over the coming years. Brookfield's pure play on quality multi-tech assets with a global footprint, combined with a solid balance sheet, makes for an ideal long-term buy.

The bottom line

Energy and telecommunications are among the best defensive plays for income stocks out there. No recession could break down the need for either energy or communications, and within both sectors the chosen dividend stocks represent the best of the best. Both stocks are suitable for a buy-and-hold strategy and could form the basis of a stable long-term income portfolio.

CATEGORY

1. Dividend Stocks
2. Energy Stocks
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2. NYSE:TU (TELUS)
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