



## 2 TSX Growth Stocks Paying a 3% Dividend or More

### Description

With the **S&P/TSX Composite Index** soaring to all new highs, Canadian stocks are no longer cheap. However, largely compared to American indices, there are still some value out there. Many Canadian cyclical and [value stocks](#) are primed to actually prosper, as the world climbs out of the pandemic crisis.

Certainly, Canadian investors need to be cautiously aware of risks to present stock valuations. Rising inflation and climbing interest rates could really hamper the stock market in the future. Yet one great way to combat these risks is by owning TSX dividend-growth stocks.

## TSX dividend-growth stocks are a great hedge against inflation

TSX dividend-growth stocks are a great hedge against inflation. As input costs rise, these businesses are generally able to quickly raise prices in accordance. Consequently, they are able to keep growing cash flows faster than the pace of their costs. This means they are able to provide a real rate of return that exceeds or beats the cost of inflation. Over time, your investment and total buying power should still grow.

Here are two top TSX growth stocks that should be able to pump out capital and dividend growth, regardless of the economic conditions.

### A TSX infrastructure stock

You don't get a better inflation hedge than a TSX stock growing cash flows consistently by 12-15% a year. **Brookfield Infrastructure Partners** ([TSX:BIP.UN](#))([NYSE:BIP](#)) has in fact done that. Since its inception in 2008, it has earned shareholders a 1,172% total return. That is an average annualized return of 21.51%. The interesting part is that 557% of that total return was actually just from dividends returned to shareholders! This company is a dividend-growth machine!

BIP owns and operates a diversified array of infrastructure assets. These include power lines, pipelines, ports, and data infrastructure. Most of these assets are contracted or regulated. They often

have inflation hedges or volume-based compensation within the contracts. As a result, the company can still grow organically in any type of market.

Likewise, BIP is an expert at acquiring cheap, distressed assets. It then fixes them up, finances them at a low cost of capital, and turns them into market-leading cash cows. Given the amount of global infrastructure stimulus expected, this stock should do really over the next few years. Today, this TSX stock pays a nice 3.7% dividend, but investors can expect that to keep growing like the past.

## A great Canadian telecom stock

**Telus** ([TSX:T](#))([NYSE:TU](#)) is another great TSX dividend-growth stock. Right now, its stock is yielding 4.8%. Yet, based on current projections for cash flow growth, management believes this should increase by 7-10% annually over the next two years. Telus just raised its dividend by 7% last year.

Over the next many years, this TSX stock is set to benefit from the roll-out of 5G technology. It actually just accelerated its growth initiative there by [increasing its 2021 capex budget](#). As 5G becomes a mainstay across society, Telus will be able to sell new 5G handsets and also raise rates for higher-quality 5G service.

Yet, beyond its wireline and wireless businesses, Telus is also creating a portfolio of digital verticals. Not only will these complement its 5G roll-out, they keep Telus as an innovator in our increasingly digital world. It just IPO'd its customer experience business, **Telus International**. That business fetched a hefty multiple and was a stock market success.

In fact, it was one Canada's largest technology IPOs ever. Internally, Telus is also building an industry-leading virtual health business. It is also making forays into digitized agriculture. All of these businesses could be substantial in the future. Buy this TSX stock today for its dividend, but you'll get an attractive hedge of long-term growth ahead.

### CATEGORY

1. Dividend Stocks
2. Investing
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1. Editor's Choice

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1. NYSE:BIP (Brookfield Infrastructure Partners L.P.)
2. NYSE:TU (TELUS)
3. TSX:BIP.UN (Brookfield Infrastructure Partners L.P.)
4. TSX:T (TELUS)

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