



Forget Bank Stocks: 2 Top Picks for Dividend Growth

Description

Bank stocks are an investor favourite; they're some of the most popular stocks among Canadian investors. This is understandable, considering Canada's banking industry is extremely stable, and these stocks offer great long-term dividend growth.

Investors generally know what they are getting with bank stocks. While you can't predict what they'll do in the short term, you can expect consistent and stable growth over the long term.

Bank stocks aren't necessarily the best stocks to buy, though. There are tonnes of stocks that offer a lot more growth potential, whether in the [financial industry](#) or a different industry altogether.

So, while bank stocks can provide you adequate gains, here are two of the best Canadian stocks to buy if you're looking for high-quality dividend growth.

A high-growth dividend stock

The telecom industry is another great industry for long-term investments — similar to financials. Telecoms are a staple, and these businesses generally have high-quality, long-life assets, giving the industry massive barriers to entry.

So, while the sector is full of great stocks that are worth an investment, the best to buy if you're looking for dividend growth is **Telus** ([TSX:T](#))([NYSE:TU](#)).

Telus has long been one of the top dividend-growth stocks in Canada. It's been investing in growth for years, building out its fibre-to-the-home infrastructure. This should help grow sales and margins, resulting in major profitability increases for investors.

Furthermore, it already has a massive runway for growth with the introduction of [5G technology](#). And as a leader in Canada, the company is well positioned to benefit from this long-term growth in the industry. The dividend-growth stock consistently has one of the best networks and customer service, resulting in one of the lowest churn rates in the industry.

Its dividend though is one of the most attractive features of Telus. Over the last five years, the dividend has been increased by nearly 40%. Stocks that are increasing their dividends that significantly usually have low yields. Telus stock, though, is currently yielding an impressive 4.5%.

So, if you're looking for a high-quality dividend-growth stock to buy today, Telus is one of the best there is.

A top infrastructure and construction company

In addition to Telus, another high-growth dividend stock is **Aecon Group** ([TSX:ARE](#)).

During periods of economic turmoil, as we have seen over the last year, one trick governments use to stimulate the economy is increasing their spending. And often, the best way to inject money into the economy while improving public goods for its citizens is by investing in major [infrastructure](#) and construction projects.

That's why you may want to consider investing in Aecon, a top construction and infrastructure business. Not only is it a billion-dollar company, but it also has tonnes of expertise in various areas, including utilities, infrastructure and the industrial sector.

Plus, in addition to being a construction company, the business also offers design, financing, engineering, and fabrication services.

Aecon is well positioned to grow its business and operations rapidly over the coming years. It has over \$6.5 billion of backlog and the growing potential to bid on new projects in this economic environment.

Furthermore, it continues to increase its dividend each year. Unlike Telus, its yield today is considerably low. However, typically, stocks with lower yields can provide you with higher dividend-growth potential, because more of the capital is being retained today to invest in growth for the future.

So, although the dividend may be low, if you believe in Aecon's ability to grow operations, you'd rather the business invest in itself.

And over the years, the cash it will return to you can grow rapidly. In just the last five years, the dividend has grown by more than 50%, faster than Telus's.

So, if you're looking for a dividend stock that can continue to grow its operations rapidly, Aecon is a great company to consider, especially in this economic environment.

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