



3 Dividend-Paying Stocks for Long-Term Investors

Description

Here at the Motley Fool Canada, we are strong believers in investing for the long term. So here are three stocks that I believe will serve you well in the next 10 years.

They provide a mixture of both immediate income in the form of dividends and positive future prospects when it comes to increasing their earning power.

1. National Bank of Canada

National Bank of Canada ([TSX: NA](#)) has solid 3.8% dividend yield, which includes the 12% price increase the stock has had in 2014. Management seems confident about the future having increased the dividend 11% in the last three years.

Along with a good yield, National Bank is exposed to promising sectors with more than 75% of its revenues from financial markets and personal and commercial lending. In an economy where the Federal Reserve is ending its tapering program and looking to increase rates in 2015, the volatility that this will bring will be beneficial for the financial division of National Bank.

On the other hand, the increase in rates will help the personal and commercial division increase its net interest margin, which is the difference between the interest paid on deposits and received from loans.

2. Suncor Energy Inc.

Suncor Energy Inc. ([TSX: SU](#))([NYSE: SU](#)) is my second long-term investment prospect. This integrated oil company operates in the energy sector, giving us some diversification in our portfolio.

Suncor has a great management team that is deeply in tune with shareholder value creation, both with dividend increases and share repurchase programs. Instead of pouring money into a risky joint venture with **Total SA**, Suncor's management decided to pull the plug on the project. Instead, it took the accounting impairment, increased the speed of its share buyback program and announced a dividend increase, which gives a current yield of 2.56%

For long-term shareholders, this is great news, especially coming from a company that hasn't missed a dividend payment in the last 20 years.

3. Pan American Silver Corp.

My third and final investment prospect gives us exposure to the natural resource sector. **Pan American Silver Corp.** (TSX: PAA)(NASDAQ: PAAS) operates as a silver and gold mining company with operations mainly in South America.

Now, while precious metals might be more volatile than a financial institution or an oil company, the strength of Pan American Silver lies in its strong dividend culture. Throughout the cyclical downturn for the sector in 2012-2014, the company never stopped paying a dividend and at one point was yielding over 4%.

Since October 2013, the stock has rallied and the dividend yield is now at 3.62%, but that is still a great income generator. Management has often said on conference calls that the dividend payment was an important part of the culture of the company, and that operational decisions were taken accordingly to maintain the dividend payout.

The prospect of silver in the future is also quite promising given the amount of electronic devices we own. This is because silver is the best electrical conductor known to man.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:PAAS (Pan American Silver)
2. NYSE:SU (Suncor Energy Inc.)
3. TSX:NA (National Bank of Canada)
4. TSX:SU (Suncor Energy Inc.)

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Date

2025/08/16

Date Created

2014/09/01

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