



Revealed: 3 Top Dividend Stocks to Buy and Hold Forever

Description

I like to call giant, cash-rich companies that have rewarded shareholders for decades “forever stocks”.

When you own stocks like these, you know longer have to worry about inflation, recessions, or flash crashes. These companies are so reliable you can literally hold them for the rest of your life. My advice: buy them, forget about them, and let them make you rich.

Of course, not all companies qualify as forever stocks. After years of research, I’ve found that firms with a few basic characteristics are the ones that consistently beat the market:

- **Irreplaceable assets:** These are businesses that cannot be easily replicated. Think of assets like pipelines, utilities, and toll roads.
- **Customer loyalty:** The ability to keep customers buying is the hallmark of a wonderful business. Companies that can lock in a loyal base maintain superior profit margins.
- **Reliable dividends:** Great companies consistently reward investors through growing dividends and share buybacks.

It doesn’t take a rocket scientist to figure out that wonderful businesses with great management teams will outperform over the long haul. However, such companies are hard to find. So to get you started, here are three dividend stocks to buy and hold forever.

1. Enbridge Income Fund Holdings Inc.

This company is one of the market’s best-kept secrets. The stock trades less than 100,000 times per day (just a tiny fraction of the volume in more well-known names). But if you own a share of this company, you own a piece of some of the most valuable energy properties in the world.

Enbridge Income Fund Holdings Inc. (TSX: ENF) owns pipelines and terminals across North America. Thanks in part to the monopoly status it holds on these assets, this company has seen its annual earnings rise to a new record... up 47% over the previous year.

That’s great news for shareholders, because this firm returns every dollar it can to investors. Since

going public in 2004, Enbridge Income Fund has increased its dividend every year. Today, the company pays out a monthly distribution of 11.46 cents per share, which comes out to a dividend yield of 4.3%.

2. Brookfield Asset Management Inc.

Brookfield Asset Management Inc. (TSX: BAM.A)([NYSE: BAM](#)) gives you a stake in dozens of infrastructure monopolies around the world. This company owns electric utilities in Australia, timberland in Canada, toll roads in South America, and real estate throughout the United States. I can only think of a few portfolios of assets quite like this anywhere else in the world.

More importantly, Brookfield has a monopoly on most of these properties. No one can simply build a competing business. And because these assets are mostly regulated, the company is practically guaranteed to earn a respectable return on investment.

This has resulted in a predictable stream of income for shareholders. Since Brookfield started its dividend program in 1997, it has never missed or lowered its total annual payments to shareholders. Remember, that period included two major recessions.

3. Canadian Pacific Railway Limited

Canadian Pacific Railway Limited's ([TSX: CP](#))([NYSE: CP](#)) network of track is almost impossible to replicate. It spans 22,500 route kilometres through densely populated cities coast-to-coast. The cost to acquire right-of-ways and buyout landlords form a nearly impenetrable barrier to entry.

Shipping by rail is also less expensive than any other form of transportation over long distances. Today, trains can move a tonne of freight 180 kilometres on a single litre of diesel, four times more efficient per tonne mile than trucking. That gives rail a permanent cost advantage.

Of course, the real test of a forever stock is how well it holds up during times of uncertainty. That said, Canadian Pacific managed to maintain its distribution in both 2008 and 2009 through the worst of the financial crisis. And since 2001, the company has increased its dividend 75%.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:BN (Brookfield Corporation)
2. NYSE:CP (Canadian Pacific Railway)
3. TSX:BN (Brookfield)
4. TSX:CP (Canadian Pacific Railway)

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Author
rbaillieul

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