



The 3 Best Dividend Stocks to Own Forever

Description

I've found a group of companies that pay dividends so big and consistent that you could literally retire on them.

I call them my 'Forever Stocks'. These are world-dominating companies that own irreplaceable assets and offer timeless products and services. All of them have dug deep moats around their businesses to fend off competitors.

Best of all, these firms have been cranking out dividends to shareholders for decades (centuries in one case). Through everything that has happened over that time — wars, recessions, financial crises — shareholders of these elite businesses have always been able to count on a dividend cheque arriving in their mailbox.

Of course, such wonderful businesses are rare. There are only two, maybe three dozen publicly traded companies in North America that could possibly be included in this group. But here are three Canadian names to get you started.

1. TransCanada Corporation

Why do I like **TransCanada Corporation** ([TSX: TRP](#))([NYSE: TRP](#)) so much? There's perhaps no asset more valuable than an oil pipeline.

While energy prices can be volatile, the actual volume of hydrocarbons being shipped is remarkably consistent year to year. Cash flows from pipelines are so predictable they resemble bond coupons. And once constructed, a pipeline requires almost no maintenance or labour, so they can spin off enormous profits over decades.

This has resulted in a steady stream of income for investors. TransCanada has managed to increase its dividend every year since 2000. Today, the company pays a quarterly distribution of \$0.48 per share, which comes out to an annualized yield of 3.2%.

2. Royal Bank of Canada

The **Royal Bank of Canada** ([TSX: RY](#))([NYSE: RY](#)) has done something remarkable. This summer marked the company's 575th consecutive dividend payment. Since 1870, only a few years after Canadian Confederation, Royal Bank has managed to send out a cheque every quarter to its loyal shareholders.

How has the company been able to pull this off? Good old-fashioned Canadian conservatism. While international financiers dabbled in dodgy financial products for a quick buck, Bay Street firms like RBC generally stuck to stodgier, predictable banking.

Moreover, Canada's banking industry is dominated by a few giant firms. It's almost impossible for a new competitor to break in. This has allowed RBC to maintain its thick profit margins year after year.

3. Canadian National Railway Corporation

Canadian National Railway Corporation's ([TSX: CNR](#))([NYSE: CNI](#)) network of rail line is almost impossible to replicate. The 32,800 route kilometres of track spans coast-to-coast cutting through densely populated cities. The enormous cost to acquire these right-of-ways and buy out landowners form a nearly impenetrable barrier to entry.

This economic moat has allowed CN to pay out consistent distributions to its shareholders. Even through the height of the financial crisis in 2008 and 2009, the company actually managed to increase its dividend. And since CN went public in 1996, that distribution has grown nearly 15-fold.

The bottom line is, over the next 50 years there are going to be more people living in this country. Those people are going to demand an ever-increasing number of products. CN will be a critical link in moving those goods around the country.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:CNI (Canadian National Railway Company)
2. NYSE:RY (Royal Bank of Canada)
3. NYSE:TRP (Tc Energy)
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6. TSX:TRP (TC Energy Corporation)

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