



## 3 Top Dividend Stocks to Buy and Hold Forever

### Description

They grinned when she started investing on her own, but their laughter turned to amazement after she unveiled her fortune.

In the 1920s, Anne Scheiber was hired as an auditor at the IRS. She never earned a lavish salary. To stretch her income, she lived in a small, rent-controlled apartment and wore the same coat every year.

In 1944, at the age of 50, Ms. Scheiber began investing her \$5,000 life savings into great American companies like Schering-Plough, **The Coca-Cola Company**, and **Bristol-Myers Squibb Co.**

According to those close to her, Ms. Scheiber never sold a share because she hated paying commissions. When she passed away in 1995, her initial investment had grown into \$22 million.

Of course, Ms. Scheiber's story is an exceptional case. But her example reveals the secret to building wealth in the stock market: Buy wonderful businesses, reinvest the dividends, and hold for the long haul. Even today, thousands of ordinary investors are using this common-sense method to grow their wealth.

So to help get you started, I have listed three dividend stocks that you could buy and hold for the rest of your life. Of course, there are no guarantees in investing. However, these three wonderful businesses all sport the competitive advantages needed to beat the market and pay reliable dividends over the long haul.

#### 1. Fairfax Financial Holdings Ltd.

**Fairfax Financial Holdings Ltd.** ([TSX: FFH](#)) Founder and CEO Prem Watsa has earned the reputation as the Warren Buffett of Canada, and for good reason.

Mr. Watsa uses Fairfax's insurance business as a platform for his investing activities in much the same way Buffett uses **Berkshire Hathaway Inc.** as a platform for his. Using the same common-sense investing principles as the Oracle of Omaha, Watsa has soundly beaten the **S&P 500** by more than 1,500% over the past 20 years.

However, unlike Berkshire, Fairfax is still a relatively tiny company. At one-twentieth the size of Berkshire Hathaway, Fairfax is small enough to exploit any opportunity that might cross its path. This means shareholders can likely count on those double-digit returns to continue for decades to come.

## 2. Canadian National Railway Company

The **Canadian National Railway Company's** ([TSX: CNR](#))([NYSE: CNI](#)) 32,800 route kilometres of track would cost tens of billions of dollars to replicate. On a tonne-per-mile basis, no other method of transportation can compete with rail over long distances. This competitive advantage has allowed CN to generate excess returns for shareholders over decades.

However, the real test of a Forever Stock is its ability to hold up during times of uncertainty. That said, CN managed to hike its dividend twice through the financial crisis in both 2008 and 2009. In fact, since going public in 1996, the company has increased its distribution nearly 15-fold.

The bottom line, over the next 50 years there are going to be more people living in this country. Those people are also going to demand an ever-increasing amount of goods. CN will play a critical role in moving these products around the nation.

## 3. Fortis Inc.

**Fortis Inc.** ([TSX: FTS](#)) is the only company in Canada with such a broad and stable portfolio of monopolistic assets.

The company owns gas distribution facilities in British Columbia, electric utilities in New York, hydroelectric dams in Belize, and hotels in eastern Canada. In total, 90% of the company's assets are regulated, practically guaranteeing a steady stream of revenue.

This has translated into a growing source of dividend income for shareholders. Since Fortis went public in 1972, the company has increased its distribution every single year. When you invest in a dominant monopoly with a 3.7% yield, your capital has a great chance of compounding decade after decade.

## CATEGORY

1. Dividend Stocks
2. Investing

## TICKERS GLOBAL

1. NYSE:CNI (Canadian National Railway Company)
2. TSX:CNR (Canadian National Railway Company)
3. TSX:FFH (Fairfax Financial Holdings Limited)
4. TSX:FTS (Fortis Inc.)

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