3 Dividend Stocks to Buy Now and Hold for Decades

Description

The recent pullback in the stock market is giving long-term investors a chance to buy top companies at very reasonable prices. When looking for new investments in a volatile market, it is important to pick industry leaders with a strong balance sheet and a history of dividend growth and capital appreciation.

Here's why I think new investors should consider **The Bank of Nova Scotia** (TSX: BNS)(NYSE: BNS), **TransCanada Corporation** (TSX: TRP)(NYSE: TRP), and **Telus Corporation** (TSX: T)(NYSE: TU) right now.

The Bank of Nova Scotia

Bank of Nova Scotia is Canada's third-largest bank and its top international lender.

The company has decided to bet on Latin American growth by investing heavily in Mexico, Colombia, Peru, and Chile. The decision is well calculated as Mexico and its peers are at an important point in their economic development. The group recently announced a trade deal to cancel 92% of tariffs and enable the free movement of capital and labour. The combined market of 200 million people presents an enormous long-term opportunity for the bank.

Bank of Nova Scotia finished Q2 2014 with a Basel III CET1 ratio of 10.9%, the best among Canada's five largest banks. The ratio is a measure of the bank's financial stability, and is important given the growing concerns about the Canadian housing market.

The company pays a dividend of $2.64 per share that yields about 3.9%.

TransCanada Corporation

The business of moving oil, natural gas, and natural gas liquids is a good one in North America. The energy renaissance in the U.S. and Canada means TransCanada has no shortage of infrastructure opportunities. At the moment, the main focus of the company is helping its customers ship product from the production site to the coast where it can be sent to international markets.

TransCanada current has $38 billion of commercially secured capital projects on the go. The company says the assets should deliver solid earnings growth through the end of the decade. As cash flow increases, dividends should grow at a comparable rate.

TransCanada trades at 22 times earnings, a much lower multiple than its peers. The hedge fund vultures are starting to swirl around the company with an eye on splitting it up into smaller units. The idea is based on the premise that the sum of the parts is worth much more than the market is valuing the company as a single entity.

TransCanada pays a dividend of $1.92 per share that yields about 3.6%.

Telus Corporation

Canada's fastest growing communications company is as steady as they come. The company is the perfect choice for investors who want low volatility, growing dividends, and reasonable capital appreciation.

Telus treats its shareholders well. The company has an aggressive share-buyback program and increases its dividend every year. In fact, the company is so confident in its ability to improve earnings and free cash flow that it has committed to increasing the dividend by at least 10% every year through 2016.

Shareholders should have confidence in the plan. In Q2 2014, the wireless division delivered its 15th consecutive year-over-year quarterly increase in blended average revenue per unit (ARPU). The number came in at an industry-leading $62.51. This is important for investors because it means Telus is getting more revenue out of every smartphone customer than any of its peers. Telus also has the lowest postpaid wireless churn rate in the industry, at just 0.9%.

Telus pays a dividend of $1.52 per share that yields about 4%.

Investors should keep an eye on Telus Health. The division's products allow physicians and patients to securely exchange medical information over Telus' state-of-the-art network. Already an industry leader, the business could deliver significant cash flow growth in the coming years.

CATEGORY

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TICKERS GLOBAL

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2. NYSE:TRP (Tc Energy)
3. NYSE:TU (TELUS)
4. TSX:BNS (Bank Of Nova Scotia)
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