



## Royal Bank of Canada: 1 Dividend Stock to Buy and Hold Forever

### Description

This company has done the impossible. Since 1870, this stock has never skipped a distribution payment to investors. Think of everything that has happened over that time: two world wars, the Great Depression, asset bubbles, financial crises, and so on.

Yet for this stock, it hardly mattered. The firm coasted through every downturn the country has ever faced without so much as a hiccup in the dividend. And if history is any guide, shareholders will be able to count on those distribution payments for another century to come.

### **If you don't buy this stock now, you'll hate yourself later**

Of course, I'm talking about the **Royal Bank of Canada** ([TSX: RY](#))([NYSE: RY](#)). Ask anyone in Canada if they have heard of Royal Bank, and chances are 99% of them will know what you're talking about. As the largest bank in the country, is there any question as to how Royal Bank has been able pay an uninterrupted dividend for 144 years.

That's one of the longest consecutive payment streaks of any public company in Canada. There're no sure things in investing. But in my experience, it's companies like Royal Bank — the ones that dominate their markets AND reward shareholders with steady dividends — that make investors the most money over the long haul.

How has the company been able to pull this off? Canada's banking system is almost perfect from an investor's perspective.

The banking culture in this country has always erred to the conservative. Nowhere was this cautious approach to risk more apparent than during the financial crisis. While toxic credit products wreaked havoc on international financial markets, Bay Street was left relatively unscathed.

Moreover, six big banks dominate the industry, accounting for more than 80% of the nation's banking deposits. This gives them a scale advantage that makes it unlikely new entrants can eat into margins. These conditions have allowed Royal Bank to earn big returns for shareholders decade after decade.

And while the company's dividend is steady, that doesn't mean the stock can't be counted on to deliver some serious capital gains. Over the past five years, Royal has outperformed the market delivering a 55% total return — handily beating the 35% return for the **S&P/TSX Composite Index** during the same period.

### Is this Canada's best dividend stock?

Let me repeat: There are no sure things in the stock market. However, it's firms like Royal — companies that dominate their industries, enjoy a strong competitive advantage, and pay big dividends — that usually outperform over the long haul. These are exactly the types of stocks that should serve as a core in any income portfolio.

### CATEGORY

1. Bank Stocks
2. Dividend Stocks
3. Investing

### TICKERS GLOBAL

1. NYSE:RY (Royal Bank of Canada)
2. TSX:RY (Royal Bank of Canada)

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### Date

2025/07/05

### Date Created

2014/10/27

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