



8 Stocks That Have Paid Dividends for More Than 123 Years

Description

New York University finance professor Aswath Damodaran has a great story comparing old-school dividends with stock buybacks.

While driving in the car with his family, Aswath's daughter asks to listen to one of the new dance radio stations. During the break between songs, the DJ uses the term 'hooking up'.

"To show how disconnected you get after 20 years of marriage, I ask, 'What are they talking about?'" Aswath explains, "Then my seven year old daughter in the back seat starts to describe what 'hooking up' is."

"Part of me is in complete shock." he says, "But another part of me says this is a great way to explain dividend policy."

"Dividends are like getting *married*; stock buybacks are like *hooking up*."

That's it!

Dividends, like marriage, are a long-term commitment to shareholders. They require consistency and discipline from management.

And that's exactly how they're treated. Companies loath to cut dividends out of fear that it will cause investors to abandon their stock. Because divorces are expensive, neither party wants the marriage to end.

But why are dividends so important? Sure, it's nice to receive a tangible reward for owning a stock. But when management has to send out cold, hard cash each quarter, there's no room to squander shareholder money on unprofitable projects.

This may explain why dividend payers consistently beat the market. According to a study by RBC Capital Markets, dividend-paying stocks delivered a 10.3% compounded annual return between 1986 and 2013. By contrast, their non-dividend paying peers returned exactly 0% during the same period.

No, that zero figure is not a typo. This is why I love businesses that show a commitment to investors through dividends. As a shareholder, you can feel secure knowing that dividend-paying companies are better-disciplined stewards of your capital.

Take **BCE Inc** ([TSX: BCE](#))([NYSE: BCE](#)), Canada's largest telecom company, for example. Management has shown a marriage-like commitment to its shareholders, paying out an uninterrupted dividend since 1881. And while you might think of BCE as a stodgy company, investors have earned triple-digit returns over the past decade.

Dividend stocks for the next 100 years

Of course, nothing is guaranteed. But in my experience, it's not the exotic mining companies or sexy technology startups that make investors the most money. Rather, it's the boring, dividend stocks like Bell that are the most profitable to own over the long haul.

However, BCE's remarkable dividend streak is more common than I first thought. Consider that the eight stocks listed below have all been paying distributions since before Alberta was a province. And as you can see, this commitment is correlated with market-beating returns.

Company	Paid Dividends Since	Number of Years	10-Year Return
Bank of Montreal	1829	185	70%
Bank of Nova Scotia	1832	182	105%
Toronto-Dominion Bank	1857	157	150%
Canadian Imperial Bank of Commerce	1868	146	76%
Royal Bank of Canada	1870	144	181%
Laurentian Bank of Canada	1871	143	117%
BCE Inc.	1881	133	119%

Imperial Oil Limited	1891	123	138%
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Source: Toronto Stock Exchange and Yahoo! Finance

If you're searching for dividend stocks that will allow you to sleep easy, this list is a great place to start. When you own companies like these, you don't have to worry much about recessions, bear markets, or rising interest rates. If history is any indication, you can just sit back and collect steady dividends year after year.

Of course, you can't buy past performance. These dividend payments may not continue for another 100 years. But it shows that when you buy companies that are married to their shareholders through dividends, you own a stock that can withstand nearly anything.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:BCE (BCE Inc.)
2. TSX:BMO (Bank Of Montreal)
3. TSX:BNS (Bank Of Nova Scotia)
4. TSX:CM (Canadian Imperial Bank of Commerce)
5. TSX:IMO (Imperial Oil Limited)
6. TSX:LB (Laurentian Bank of Canada)
7. TSX:RY (Royal Bank of Canada)
8. TSX:TD (The Toronto-Dominion Bank)

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