

3 Dividend Stocks to Hold Forever

Description

Mike Henderson is the classic example of how ordinary investors build wealth in the stock market.

About 15 years ago, the retired professor identified seven timeless businesses. This list included a number of blue-chip Canadian companies including **Enbridge Inc**, **TransCanada Corporation**, and the **Royal Bank of Canada**.

“The idea just came to me, and it was blazingly simple,” he told *The Globe and Mail*, “I basically sat down and thought, what is absolutely essential to our society, and who provides those essentials?”

Henderson then invested his retirement savings in each of them. Between 2000 and 2010, the portfolio earned a total return of 305%, far better than the 72% the **S&P/TSX Composite Index** posted over the same period.

Of course, this story is an exceptional case. But just like Mr. Henderson, there are everyday investors buying wonderful businesses, holding for the long haul, and building small fortunes of their own. Here're three stocks that could help you do just that.

Fortis Inc

If you've ever been along the banks of Kootenay Lake in British Columbia, you know firsthand how some assets can build wealth for the long haul. Where the lake flows into the Kootenay River stands one of the greatest investments in the country: the Corra Linn dam.

Every year the facility generates millions of dollars in revenues. No one can come along and build a competing dam anywhere near it. And because local residents will always need electricity, the dam is practically guaranteed to keep earning profits for decades to come.

Of course, you can't invest directly in this facility. However, you can buy a piece of the company that owns it: **Fortis Inc** ([TSX: FTS](#)). In addition to the dam, this business owns dozens for utility assets just like Corra Linn across North America.

This explains why Fortis has been able to increase its dividend 42 years in a row. And if history is any guide, these assets should keep posting big profits in the years ahead.

Canadian National Railway Company

The **Canadian National Railway Company** ([TSX: CNR](#))([NYSE: CNI](#)) has been a leader in rail for more than a century. You can trace the company's roots back to the 1890s, when the Canadian Northern Railway operated the mainline between Quebec City and Vancouver. Today, Canadian National is a \$68 billion business and owns 20,000 route miles of track.

However, here's the most important thing — this network of track is almost impossible to replicate.

When most of the railroads were built there was still a lot of available land. Today there isn't. Any new project would require a buyout of every landowner along the proposed route and be subject to a lengthy government approval process.

Because of this nearly impenetrable barrier to entry, CN has managed to prosper even through times of uncertainty. While most businesses cut back during the Great Recession, this company actually hiked its dividend in both 2008 and 2009. In fact, since going public in 1996, CN has increased its payout nearly 16-fold.

BCE Inc

When Warren Buffett is evaluating a business, he asks, "If I had a billion dollars, how much could I hurt this guy?"

In the case of **BCE Inc** ([TSX: BCE](#))([NYSE: BCE](#)), not all that much. The costs to build out the needed infrastructure and acquire wireless spectrum would be enormous. So even if you and I could scrape together \$1 billion... \$5 billion... \$10 billion, chances are we couldn't complete.

Better yet, BCE's product is recession-proof. Some might argue that only food, water, and shelter are true necessities. But in our modern world, you could probably add telephone and Internet service to that list, as well.

This is why BCE has been able to pay a dividend every year since 1881? Of course, there're no sure things in investing. However, investors can likely count on those distribution cheques to keep rolling in for decades more to come.

CATEGORY

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TICKERS GLOBAL

1. NYSE:BCE (BCE Inc.)
2. NYSE:CNI (Canadian National Railway Company)
3. TSX:BCE (BCE Inc.)
4. TSX:CNR (Canadian National Railway Company)
5. TSX:FTS (Fortis Inc.)

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