

3 Dividend Stocks to Own Forever

Description

Ronald Read was known around town as a friendly man who often wore a baseball cap and flannel jacket — but he also had a hidden talent for picking stocks.

The Vermont native, a former janitor who sometimes held his coat together with safety pins, gave no hint as to the size of his wealth. His investing knack was only revealed after his death last June. Local residents were stunned when he left \$6 million to the town's library and hospital.

How did Mr. Read amass such a fortune? Dividend stocks. His portfolio was stuffed full with classic, cash cranking businesses like **CVS**, **AT&T**, **Deere**, and **General Electric**.

Of course, few of us will do as well as Mr. Read. But his story is just another example of how regular folks build wealth in the stock market — buy wonderful businesses and hold on for the long haul.

Thousands of ordinary investors are using this same strategy to create small fortunes of their own. So if you're looking to build investment wealth, you could do worse than try to emulate Mr. Read's method. Here are three remarkable companies that could help you do just that.

1. Canadian Utilities Limited

If you're looking for an exciting tech stock to impress folks at the next cocktail party, then **Canadian Utilities Limited** ([TSX:CU](#)) might not be for you. But if you like good, old fashioned dividends, then you'll like this company just fine.

Since 1972, Canadian Utilities has increased its payout 43 consecutive times. Over that period, the company's dividend has grown more than 17-fold. If you had simply bought and held the stock during that time, the yield on your original investment would be over 40% today.

And while you might think of utilities as stodgy businesses, this company is still delivering some serious growth. Last month, Canadian Utilities lifted its quarterly dividend 10% to 29.5 cents per share — one of the largest increases in the company's history.

Given that Canadian Utilities is still ploughing billions of dollars back into its business, don't expect this company to slow down anytime soon.

2. Canadian Pacific Railway Limited

Canadian Pacific Railway Limited ([TSX:CP](#))([NYSE:CP](#)) is the ultimate 'Forever Stock'.

The company's network of track is almost impossible to replicate. The enormous cost to acquire right-of-ways and buyout landowners forms a nearly impenetrable barrier to entry. That means Canadian Pacific can churn out oversized profits decade after decade.

Of course, the real test of any business is how well it holds up during a recession. Canadian Pacific managed to maintain its distribution through the worst of the financial crisis in 2009. And since it was spun out back in 2001, the company has hiked its payout more than 75%.

The bottom line, over the next century we are going to have an increasing number of people living in this country. They are going to demand an ever increasing number of goods. Canadian Pacific will play a key role in moving those products around the nation.

3. Telus Corporation

What is the most valuable characteristic in a business? An economic moat.

A moat is some sort of advantage that protects a company from competition. In the same way moats once defended castles from attackers, an economic moat allows a business to earn juicy returns year after year.

Telus Corporation ([TSX:T](#))([NYSE:TU](#)) is a textbook example. Thanks to its size, the company has an enormous scale advantage. The sheer cost to build a new telecom network from scratch also keeps potential rivals out of the industry.

This edge has allowed Telus to crank out dividends for nearly a century. No doubt, shareholders will be able to count on a steady income stream (and overpriced cable bills) for decades more to come.

CATEGORY

1. Investing

TICKERS GLOBAL

1. NYSE:CP (Canadian Pacific Railway)
2. NYSE:TU (TELUS)
3. TSX:CP (Canadian Pacific Railway)
4. TSX:CU (Canadian Utilities Limited)
5. TSX:T (TELUS)

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