Dividend Investors: 3 Stocks to Buy and Hold Forever

Description

If you like sexy tech stocks with fancy buzzwords, then income investing is not for you. But if you're willing to trade being the talk of your next cocktail party for common sense investing, then you'll like this strategy just fine.

default watermark

The thing is, great companies don't have to come up with the next gee-whiz gadget every year. Rather, wonderful businesses are so straightforward that you can explain them to a child. And because they put shareholders first, most of them are in the habit of writing cheques to investors.

So, if you're new to investing, you could do worse than double-down on dividends. Here are three of my favourite dividend-payers that deserve a permanent place in your portfolio.

1. Pembina Pipeline Corp

Pembina Pipeline Corp (TSX:PPL)(NYSE:PBA) is not a household name. But just because you have probably never heard of it, that doesn't mean this is some risky, unproven stock.

Pembina is an energy middleman that delivers oil and natural gas from producers to refiners. As one of Canada's largest infrastructure owners, the company is responsible for moving, storing, and processing a sizable chunk of the nation's energy production.

I love this business because most of Pembina's revenues are locked into long-term contracts. This means it has limited exposure to wild fluctuations in energy prices. It also means shareholders can count on predictable quarterly cash flow.

All told, Pembina is currently paying a respectable 4.2% dividend yield. And unless Canadians start fueling their cars with pixie dust, I expect those dividend cheques to keep rolling in for many years to come.

2. Manulife Financial Corporation

It’s probably the most boring business around: insurance.

Unlike technology or junior mining stocks, investors don’t get excited about insurance companies. But there’s a reason the world’s greatest money manager, Warren Buffett, built his **Berkshire Hathaway** empire around insurance. When done right, it’s a safe business that cranks out tons of cash flow.

Here in Canada, **Manulife Financial Corporation** (TSX:MFC)(NYSE:MFC) dominates the industry. That gives it pricing power. If a catastrophe occurs, the insurer can simply use it as an excuse to raise its premium prices.

And after tripping up during the previous financial crisis, Manulife is finally starting to turn the corner. The insurer has built up substantial cash reserves and is poised for a big expansion in Asia. That should mean many more dividend hikes in the years to come.

3. Canadian Utilities Limited

Finally, a basic-needs company such as **Canadian Utilities Limited** (TSX:CU) would make a lot of sense to hold over a 50-year period.

The idea is simple: people always need to keep the lights on. Even during a recession, the power bill is often the last payment people skip when times get tough. As a result, the company’s cash flows are steady like bond coupons.

default watermark

And because electricity is a necessity, Canadian Utilities holds incredible power in the market. This allows the firm to almost always raise prices at or above the rate of inflation. As a result, the company has been able to deliver 43 years of consecutive dividend hikes for shareholders—the longest streak of any public company in the country.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:MFC (Manulife Financial Corporation)
2. NYSE:PBA (Pembina Pipeline Corporation)
3. TSX:CU (Canadian Utilities Limited)
4. TSX:MFC (Manulife Financial Corporation)
5. TSX:PPL (Pembina Pipeline Corporation)

Category

1. Dividend Stocks
2. Investing

Date
2025/08/27
Date Created
2015/04/21

Author
rbaillieul

default watermark

default watermark