Dividend Investors: 2 Stocks You Should Own for Decades

Description

The secret to building wealth through investing in stocks lies in the investor's discipline to buy and hold top dividend-growth stocks.

Here in Canada we have a number of world-class companies that enjoy limited competition, operate efficiently, and have a strong track record of dividend growth and capital appreciation.

Canadian National Railway Ltd. (TSX:CNR)(NYSE:CNI) and **Bank of Montreal** (TSX:BMO)(NYSE:BMO) are two of those stocks. Let's take a look at these dividend champions to see why they should be a part of your portfolio.

Canadian National Railway

When it comes to finding a well-run company that has a massive competitive advantage, Canadian National Railway is about as good as it gets.

The company is the only railway company in North America to offer its customers access to three coasts.

As the U.S. economy continues to recover and grow, CN has invested wisely in intermodal terminals throughout its network. Intermodal transport is the movement of goods from ships to the end destinations within the U.S. and Canada. This area of the transportation industry has traditionally been dominated by trucking companies, but the railways have been winning more of this business.

CN's 23 intermodal hubs are strategically placed throughout its network, so customers can use the railway to send their products to more than 75% of U.S. and Canadian markets.

The stock has come under pressure lately as the pace of growth in oil deliveries has slowed and new regulations are adding extra costs.

Investors should look beyond the short-term issues. The lack of major pipelines means crude-by rail transport is not going to disappear because landlocked producers desperately need to move their product to refineries and international customers. CN will simply pass on the higher costs to the shippers. They can do that because there is simply no other cost-effective way to move the oil.

CN is a dividend-growth machine. The company increased the payout by 25% earlier this year and investors with a long-term outlook should be comfortable buying this company now and forgetting about it for decades.

Bank of Montreal

Canada's oldest bank is also one of the country's most diversified financial institutions.

With concerns mounting about the state of the Canadian economy, shareholders can take comfort in the fact that Bank of Montreal gets a significant part of its revenue from a growing region south of the border.

The company has more than 600 branches located in the U.S. Midwest. As the American economy continues its recovery, this manufacturing-heavy region promises to deliver strong results. Another benefit comes from the currency conversion. Earnings from the U.S. operation are reported in Canadian dollars and the U.S. dollar has increased by more than 20% compared with its Canadian counterpart in just the past 24 months. That's a nice pop to the bottom line.

Bank of Montreal is also expanding its profitable wealth management operations.

Dividend investors are hard pressed to find a more reliable place to put their money. Bank of Montreal has been paying dividends since 1829. The company just increased the quarterly payout to $0.82 per share. That's good for a yield of 4.3%.

CATEGORY

1. Bank Stocks
2. Dividend Stocks
3. Investing

TICKERS GLOBAL

1. NYSE:BMO (Bank of Montreal)
2. NYSE:CNI (Canadian National Railway Company)
3. TSX:BMO (Bank Of Montreal)
4. TSX:CNR (Canadian National Railway Company)

Category

1. Bank Stocks
2. Dividend Stocks
3. Investing

Date
2025/08/22
Date Created
2015/06/01
Author
aswalker