



2 Top Stocks You Can Buy and Hold for Next Decade

Description

Buying top dividend stocks and then holding them for a long time is one of the most successful strategies investors use to build wealth during their lifetimes.

Investing in mature and solid businesses produces a slow but steady income stream. If you reinvest your dividend income back into the company, you'll realize how quickly your wealth multiplies with the magic of compounding.

Successful income investors pick solid stocks, reinvest the dividends, and then hold those stocks for a long time. If this investing style matches your personality, there are many dividend-paying stocks in Canada that are backed by solid businesses, producing steady returns each quarter. Here are my two top picks.

National Bank of Canada

After the so-called Big Five banks in Canada comes **National Bank of Canada** ([TSX:NA](#)). This relatively small bank doesn't get as much attention of investors as it should. But if you look at its valuations and earnings potential, National Bank of Canada isn't far behind when it comes to producing top-quality returns for long-term investors.

Its stock has beaten all of the Big Five banks this year, gaining over 7% to \$58.37 at a time when financials in Canada are under pressure.

With a market capitalization of \$20 billion, this smaller player has much more room to grow and produces greater returns for your portfolio.

Investors who had invested \$10,000 a decade ago in National Bank of Canada have seen their investment grown to ~\$28,000 — a total return of 18% on yearly basis. With a dividend yield of ~4%, National Bank stock is a good addition in your buy-and-hold portfolio.

BCE Inc.

If you're in it for a long haul, then it's better to look for diversification opportunities with dividend-paying stocks. The reason is that you don't want to put all your eggs in one basket. In Canada, buying a stable

telecom operator is one way to diversify your risk.

In the telecom sector, I like **BCE Inc.** ([TSX:BCE](#))([NYSE:BCE](#)), which operates Canada's largest telecom network. It owns a comprehensive portfolio of companies, offering broadband communications and content services.

The BCE stock is down about 10% to \$58.94 since peaking in April, as the company faces pressure from new entrants. But in the long run, it's tough to challenge BCE's dominance due to its scale and superiority of network.

BCE stock has provided 75% capital appreciation to its long-term investors in the past five years — more than twice the gains produced by the S&P/TSX Composite Index.

With a 4.86% dividend yield, one of the highest among mature Canadian companies, it's unlikely that BCE will disappoint its shareholders in years to come, especially when it has paid dividends for the past 134 years without interruption.

The bottom line

Being invested in top-quality stocks is the key to your success in the market. All you want is to build a portfolio of dividend stocks that generates regular income for you. You should continue to re-invest your income back into the portfolio and see how your wealth multiplies as the years tick by. It can be that simple.

CATEGORY

1. Bank Stocks
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TICKERS GLOBAL

1. NYSE:BCE (BCE Inc.)
2. TSX:BCE (BCE Inc.)
3. TSX:NA (National Bank of Canada)

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