Dividend Investors: 2 Stocks to Buy and Hold for the Next 20 Years

Description

Dividend investing is all about patience. Once you have made a purchase after proper due diligence, all you have to do is to wait and slowly reap the fruits of your patience.

The most important part of dividend investing is to find some solid companies that do boring stuff. You won't find people bragging about them at a dinner party.

Making money should not be that complicated. Long-term investors build their wealth by holding a few good stocks, reinvesting the dividends, and ignoring the market noise.

With this theme in mind, I have picked two stocks that can help you get started.

Bank of Nova Scotia

Canadian banks have built great franchises at home and overseas. They operate in a sound regulatory environment and face little competition. These characteristics make them good candidates for your buy-and-hold portfolio.

Bank of Nova Scotia (TSX:BNS)(NYSE:BNS) is one such stock you can count on for regular dividend income for many years to come.

The bank not only pays dividend, but it is also a great dividend-growth story. It has hiked its payouts in 43 of the last 45 years — one of the most consistent records for dividend growth among major Canadian corporations.

With a dividend yield of 3.8%, it pays a $0.79-a-share quarterly dividend. I don't see any reason why this situation is going to change anytime soon when its has a great economic moat, meaning it's well protected from competition. Its diversified business operations provide greater depth to produce strong free cash flows and profit margins.

For dividend investors, these are the top reasons that make Bank of Nova Scotia a perfect candidate for any buy-and-hold portfolio.

CN Railway

Canadian National Railway Company (TSX:CNR)(NYSE:CNI) stock is another dividend-growth stock that deserves your attention.

CNR pays a $0.4125 quarterly dividend, which is 10% higher when compared to the same period last year. Over the past five years, CNR's annual dividend distribution has doubled to $1.5 a share — a great incentive for its investors to hold on to their investment.

CNR stock was able to provide this excellent growth due to its unique business model. The company runs a 100-year-old railway business and has a strong leadership position in the North American transportation market.

In the first nine months of fiscal 2017, its revenue surged 11% to $9.76 billion, its operating income surged 9%, and earnings per share surged 13% to $3.79.

For long-term dividend investors, CNR stock provides both stable income and growth potential. After this year's 10% hike in its payout, the company is well on track to deliver 21 years of consecutive dividend increases.

The bottom line

No investment can be 100% secure, but Bank of Nova Scotia and CNR are kind of businesses that are built to last forever and could provide you a stable income stream as years tick by.

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