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TFSA Investors: 2 Dividend Stocks to Hold Forever

Description

Back in May, I'd discussed why automation could be a disruptive force for the global economy, while also providing huge opportunities for savvy investors. The demographic path of Canada and much of the developed world will also present huge challenges for the future. However, it also presents opportunities for investors who know where to look.

In March, the C.D. Howe Institute released a report that called for a comprehensive response designed to address the aging population across Canada. The report pointed out that while immigration would be able to mitigate the impacts of demographic change on the workforce, this approach has serious limitations. From the report: "The number of people aged 65 and over relative to the population of working age as traditionally measured rose by more than 10 percentage points over the last 40 years, and will rise by more than 10 percentage points again over the next 40."

In addition to higher immigration levels, the report suggests "policies to ease the demographic transition, notably encouraging people to work longer." The report also projects that the Old Age Dependency (OAD) ratio, which measures the number of people aged 65 and older to the population 15-64, will reach 36% by the mid-2020s. It currently stands at 26% in 2018.

Policy issues aside, how can investors actively prepare for this future? Let's look at two stocks that you should stash in your TFSA for the long haul in preparation for this demographic shift.

Sienna Senior Living Inc. (TSX:SIA)

Sienna Senior Living is a Markham-based company and one of the largest owners of seniors' housing. It is the largest long-term care operator in Ontario. Shares of Sienna have dipped 6.6% in 2018 as of early afternoon trading on June 7. However, the recent dip provides an enticing opportunity for long-term investors.

The company released its first-quarter results on May 10. Revenue rose 8.5% year over year to $145.4 million, and it reported retirement same-property net operating income (NOI) of $7.8 million — up 5.5% from Q1 2017. The company declared a dividend of $0.225 per share, representing a 5.3% dividend yield.

According to Statistics Canada, the number of seniors living in a retirement home, supportive housing, or a long-term care home will grow to over 610,000. This means that the country will need to provide 131,000 additional spaces for Canadian seniors in the next decade. Sienna will be well positioned to fill that demand.

Park Lawn Corp. (TSX:PLC)

Park Lawn is a Toronto-based company that provides goods and services associated with the disposition and memorialization of remains in Canada and the United States. A 2014 report from Statistics Canada that charted population trends from 2014 to 2063 pointed out that the number of deaths will increase in the next several decades as a result of population growth and aging.

Shares of Park Lawn have climbed 7% in 2018 and are up 21% year over year. In the first quarter, Park Lawn saw its revenue rise 44.7% from Q1 2017 to $27.2 million. Net earnings climbed to $1.67 million from $1.29 million in the prior year. Adjusted EBITDA attributable to shareholders also increased to $5.8 million compared to $3.3 million.

The company last announced a monthly dividend of $0.038 per share, representing a 1.8% dividend yield.

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