

3 Canadian Dividend Aristocrats to Buy and Hold Forever

Description

Dividend Aristocrats are companies that have increased their dividends every year for at least five consecutive years. That dividend streak makes Dividend Aristocrats among the most bankable stocks for income investors for two simple reasons:

1. A company that can regularly increase dividends must be able to generate enough cash flows to support them, thereby reflecting strong underlying fundamentals.
2. No company wants to cut dividends except as a last resort. Dividend Aristocrats, therefore, exhibit confidence in rewarding shareholders consistently.

There are around 80 Dividend Aristocrats in Canada currently, of which three stocks make for perfect candidates to buy and hold forever to see your income multiply.

Committed to paying you more

Fortis's ([TSX:FTS](#))([NYSE:FTS](#)) inclusion in this list shouldn't be surprising. It is, after all, an electric and gas utility with an extensive presence across North America. Because electricity and gas are demand-resilient services and nearly 97% of the company's assets are regulated, Fortis can generate predictable revenues and cash flows.

That is why Fortis has been able to increase its dividends annually for a whopping 44 consecutive years, growing it at a strong compound average rate of 6.3% in the past five years.

Fortis is committed to growing its dividend annually at around 6% through 2022. A 4% dividend yield is cherry on top for income investors.

That 44-year streak places Fortis in a different league of its own among Dividend Aristocrats, making it a top-class dividend stock to own forever in your portfolio.

Chugging along nicely

With the most expansive rail network in the U.S., **Canadian National Railway** ([TSX:CNR](#))([NYSE:CNI](#)) stands out in the highly competitive railroad industry.

Railroads are a cyclical business, yet an unparalleled foothold in the industry, tight control over operating expenses, and overall management efficiency have gone a long way in ensuring rich rewards for shareholders regardless of end market conditions.

CN has not only increased its dividends every year for 22 straight years now, but has grown it at an incredible compound average clip of 16% during the period. It's hard to match that dividend-growth streak, which more than makes up for CN stock's low dividend yield of 1.6%.

A dividend stock you can bank on

While several banking stocks have made it to the Canadian Dividend Aristocrats list, **Bank of Montreal** ([TSX:BMO](#))([NYSE:BMO](#)) isn't just any other bank. Hold your breath: BMO has paid a dividend every year for nearly 190 years. That's among the longest, perhaps even *the* longest, dividend streak among all companies listed in Canada.

BMO also has a solid history of dividend increases, and the pace of growth of its dividends is equally impressive: dividends have grown at a compound annual rate of 8% over the past 15 years. The stock currently yields a good 3.6%.

Moreover, BMO's comfortable target payout ratio of 40-50% leaves enough leg room for dividend increases even during lean times. Given the bank's [strong foothold in North America](#), there's every reason to expect the dividend stock to send handsome returns investors' way for years to come.

The takeaway

It's important to understand that Dividend Aristocrats aren't risk-free and there have been instances of stocks dropping out from the list either because of a gap in dividend raise or a cut.

Nonetheless, the above three stocks have proven their mettle and should withstand the test of time to help you earn higher income year after year.

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. NYSE:FTS (Fortis Inc.)
4. TSX:BMO (Bank Of Montreal)
5. TSX:CNR (Canadian National Railway Company)
6. TSX:FTS (Fortis Inc.)

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