



These 2 All-Weather Dividend Stocks Are for Buying and Holding

Description

All-weather stocks perform fine in all kinds of economic environments. Stocks with a general long-term upward trend may be all-weather stocks. Here are two such dividend stocks you can buy on dips and pretty much hold for a long, long time in your portfolio.

Bank on TD Bank to do well

Toronto-Dominion Bank ([TSX:TD](#))([NYSE:TD](#)) is a top 10 North American bank and is the fifth-largest in terms of total assets. It has a focus on Canadian and U.S. retail businesses and generates about a third of its net income from the United States.

The U.S. is a good place for TD to be because it has a more stable and stronger economy than Canada. It'll also be a positive for TD, as the U.S. dollar strengthens against the Canadian dollar, as it has recently.

Over two decades, the quality bank achieved dividend growth of about 11% per year. Over the medium term, management estimates earnings-per-share growth of 7-10%. So, investors can expect dividend growth in that range as well, if not slightly higher because of a payout ratio that's a bit lower than its peers.

At about \$73 per share as of writing, TD Bank offers a 3.67% yield. Its annualized dividend per share of \$2.68 is supported by a payout ratio of about 42%. An investment today should deliver long-term returns of 10-14% without accounting for the slightly undervalued stock.



Find gold in Franco-Nevada

Recently, a pundit suggested having 10% exposure in precious metals right now. If there's only one precious metals stock to own, it'd be **Franco-Nevada** ([TSX:FNV](#))([NYSE:FNV](#)).

Franco-Nevada is primarily a gold-focused [royalty and stream company](#) with the largest and most diversified portfolio of cash flow-producing assets. It continues to widen its moat as it adds more royalties, streams, or working interests to its portfolio over time.

Franco-Nevada's proven business model is characterized by high margins, low leverage, and below-average risk compared to precious metals miners. At the same time, its unique model has allowed Franco-Nevada to outperform in the precious metals space. Since 2007, the stock has delivered long-term returns of +18% per year.

Franco-Nevada offers a small yield of about 1.5%. Its three-year dividend-growth rate is 5.3%.

Investor takeaway

You aren't going to hit home runs with these all-weather stocks unless you buy them at ridiculously cheap valuations such as during market crashes. However, if you aim to buy them on dips, you should be able to match and, at times, beat market returns while experiencing below-average risk and volatility.

TD Bank and Franco-Nevada [stocks have dipped meaningfully](#) by about 8% and 21%, respectively, from their recent highs. Therefore, it's a good time to accumulate their shares for conservative investors.

CATEGORY

1. Bank Stocks
2. Dividend Stocks
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4. Metals and Mining Stocks

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1. NYSE:FNV (Franco-Nevada)

2. NYSE:TD (The Toronto-Dominion Bank)
3. TSX:FNV (Franco-Nevada)
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