Millennials: 2 Dividend Stocks to Hold for the Next Decade

Description

The Liberals' pre-election budget is set to be released on March 19. The document will touch on prescription drug costs, skills training for workers, and the task of getting more millennials into the housing market. In late February I'd discussed how millennials will shape the housing market in the coming years.

Why is the budget relevant to us today? The government has shown its commitment to spend on key issues, and the two stocks we will cover in this article will be beneficiaries over the next decade. Millennials investors should take advantage of these policy changes. These initiatives will remain in place under future administrations, so a political shakeup in the 2019 federal election will not concern us right now.

Genworth MI Canada (TSX:MIC)

Genworth MI Canada is Canada's largest private residential insurer. Shares of Genworth had climbed 9.8% in 2019 as of close on March 6. The stock has increased 11.5% year over year.

The Canadian housing market has been volatile since early 2017. The housing bubble reached its peak, and the crisis at **Home Capital** inspired significant regulatory changes from federal and provincial governments. New OSFI rules, which included a stress test on uninsured buyers, have pushed sales down significantly from their previous highs.

The federal government will attempt to make housing more affordable in the coming years. CMHC aims to make a significant push to improve affordability over the next decade. The increase in volume alone, in addition to increased immigration, will keep insurers busy in the 2020s.

Genworth is a great target for income investors. The stock last paid out a quarterly dividend of $0.51 per share, which represents a 4.4% yield. The company has achieved dividend growth for 10 consecutive years.

CAE (TSX:CAE)(NYSE:CAE)

CAE is a Quebec-based company focused on delivery training for the civil aviation, defence, security, and healthcare markets. The stock had increased 11.8% in 2019 as of close on March 6. Shares were up 20% year over year.

Back in December 2018 I'd explained why CAE was one of the top dividend stocks I wanted in my portfolio going forward. It has performed well in successive quarters and will continue to benefit from increased spending in the defence sector. In 2017, the Canadian government pledged to increase defence spending by 73% from 2016-2017 to 2026-2027.

Leaked budget details indicate that the Canadian government will fall $2 billion short of its stated intention to pour $6.5 billion into new equipment, raising the possibility that Canada will again fall short of the NATO spending target. There has been increased pressure on NATO members to meet this target in recent years, and this will not abate any time soon as geopolitical tensions are heating up.

CAE will continue to benefit from this spending initiative, through its domestic and international contracts. The stock last paid out a quarterly dividend of $0.10 per share, representing a modest 1.3% yield. The company has achieved dividend growth for 11 consecutive years.

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