3 Top Dividend Stocks to Buy and Hold for the Next 20 Years

Description

One successful strategy for investing in stocks is to stop thinking like a trader. In fact, the world's top investors act like partners in companies they invest. The reason of this long-term approach is simple: it's really hard to manage your risks while investing in individual stocks.

Take the recent example of **Boeing Co**. Who knew that this great growth stock will lose more than 15% in a week after Ethiopian Airline crash that created a big uncertainty about the company's most promising aircraft, 737 Max?

For long-term investors, the best stocks to buy are those that pay growing dividends. Their strong recurring cash flows and dominant market positions make them great businesses to become partner. Keeping this theme in mind, here are three top dividend stocks from Canada that you can buy and hold for the next 20 years.

Top Canadian banks

Canadian banks offer a great avenue to invest your dollars for the long run. Canadian lenders operate in an oligopoly in which they benefit from a strong domestic market and limited competition. On top of their domestic strength, some of the lenders are also benefiting from their foreign operations where growth has been strong.

Among the top five banks, I particularly like **Royal Bank of Canada** (TSX:RY)(NYSE:RY) and **Toronto-Dominion** (TSX:TD)(NYSE:TD) due to their leading position in Canada and their strong footprint in the U.S.

Both lenders have expanded aggressively in the U.S. during the past decade and now generate a major portion of their income from there. The U.S. cushion is very important for these lenders to grow their cash flows, especially when the Canadian economy is slowing and there is an increasing chance of a mild recession.

Despite these concerns, both RBC and TD bank shares have continued their growth journey this year, rising more than 12% and growing their payouts. RBC last month raised its dividend by more than 4% to $1.02 a share, while TD Bank delivered a 10% dividend hike to C$0.67 a share quarterly.

Canadian utilities

Similar to Canadian lenders, Canadian energy utilities offer another attractive option to long-term investors to become partners in these solid businesses. In this segment, I like **Enbridge Energy Inc.** (TSX:ENB)(NYSE:ENB), North America's largest pipeline operator.

The company's huge pipeline infrastructure is crucial to the region's economy, while its gas and electricity operations offer stable cash flows.

Over the next three years, Enbridge plans to spend $22 billion on organic growth opportunities. These secured capital program includes projects such as the Line 3 Replacement, NEXUS, Dawn-Parkway expansion and the Hohe See Offshore Wind project.

Enbridge stock pays $2.95 a share annual dividend with a projected increase of 10% each year. Trading around $49 a share at writing, the company's over 6% dividend yield offers an attractive risk-reward equation for long-term investors.

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2. NYSE:RY (Royal Bank of Canada)
3. NYSE:TD (The Toronto-Dominion Bank)
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