3 Dividend Stocks to Buy and Hold for the Next Decade

Description

Research has shown that buying and holding high-quality stocks outperforms trading. There are many reasons for this outperformance. For starters, retail investors have a bad habit of trading on emotion, which leads to a trend of buying high and selling low. If you do the math, that's no way to make money.

Likewise, research has also shown that staying in the market leads to better results than trying to time the market. That said, one should not buy-and-hold blindly.

One of the pitfalls of a buy-and-hold strategy is that investors get caught up in loss aversion. Loss aversion leads to poor investment decisions. It's a hope strategy that is rooted in past investment decisions.

However, buying and holding high-quality companies is almost foolproof. Given this, here are three dividend stocks that investors can comfortably hold for the next decade.

A top bank stock

The bedrock of Canada's exchanges, Canada's Big Five banks represent the pinnacle of Canadian investing. My favourite in this space is **Toronto-Dominion Bank** (TSX:TD)(NYSE:TD).

TD bank has been the best-performing bank over the past decade and it is well positioned to repeat over the next 10 years. It has the highest dividend growth rate among its peers, with a five-year dividend growth rate of 10%. The only one of its peers to have averaged double-digits.

It is also the only Big Five to have averaged double-digit earnings growth (11.8%) over the past five years. Finally, it is expected to grow at a compound annual growth rate of 7.8% over the next five years. Once again, this is tops in the group.

A top energy stock

Much like banking, you can't talk Canadian stocks without having an energy company in your portfolio. Who will thrive and still be standing in the next 10 years? **Enbridge Inc.** (TSX:ENB)(NYSE:ENB), Canada's largest energy company and third largest TSX-listed stock by market capitalization.

Enbridge's recent restructure cannot be understated. The simplification will generate significant cost savings and drive 10% dividend growth over the next few years. The Conservatives returning to power in Alberta is also seen as a positive catalyst.

Investors are expecting a return to more favourable energy policies, which will benefit companies such as Enbridge.

A top railway stock

Rounding out the top three is Canada's largest railroad, **Canadian National Railway** (TSX:CNR)(NYSE:CNI). CN Rail forms a duopoly with **Canadian Pacific Railway** (TSX:CP)(NYSE:CP), which provides it with a significant competitive advantage.

The company has coast to coast tracks and is one of the best defensive stocks an investor can own. Although its yield isn't as attractive as the other two on the list, it has grown the dividend by double-digits over the past 10 years. As such, a low yield signifies that investors have enjoyed considerable capital appreciation.

CN Rail is also tied with Enbridge for the tenth longest dividend growth streak in Canada at 23 years.

Foolish takeaway

All three of the stocks mentioned are foundational stocks for your portfolio. They are all Canadian Dividend Aristocrats, and have a clear path to raising dividends well into the future.

These aren't stocks that you time or trade. You buy, hold and sleep well knowing that your investments are safe and growing.

CATEGORY

1. Bank Stocks
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TICKERS GLOBAL

1. NYSE:CNI (Canadian National Railway Company)
2. NYSE:ENB (Enbridge Inc.)
3. NYSE:TD (The Toronto-Dominion Bank)
4. TSX:CNR (Canadian National Railway Company)
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