3 Canadian Dividend Stocks to Buy and Hold Forever

Description

If you're even relatively familiar with investments, you'll know that having dividend stocks in your portfolio is pretty much essential. Taking that cash and reinvesting it or simply having that extra cash can be invaluable, as you try and create a nice nest egg for retirement or a rainy day.

With that in mind, most investors should be looking for dividend stocks that will produce consistent dividend increases and stable growth over the long term. That's what today I'm recommending investors purchase shares of **TransAlta Renewables** (TSX:RNW), **Canadian National Railway** (TSX:CNR)(NYSE:CNI), and **Franco-Nevada** (TSX:FNV)(NYSE:FNV) to achieve that purpose.

TransAlta

This monthly dividend producer has a key benefit to it: it produces something people need, no matter what. While the powers that be continue to debate whether there should be a major shift towards renewable energy, TransAlta has put itself in a prime position to benefit, as governments and homes shift from fossil fuel-powered facilities.

While the stock has seen a decrease since its highs of 2017, it's now well on its way to reaching that $16-per-share mark, currently trading at $13.70 at the time of writing. That means investors won't be paying a premium to take advantage of this stock's dividend yield of 6.78% at the time of writing, distributed monthly.

Canadian National Railway

Another perfect buy-and-hold stock is CNR. This company has a long history of stable dividend increases and share price increase to boot. While the oil and gas industry has caused this stock to slump slightly, even if another drop happens, investors should remember that this is a long-term investment, meaning that the stock will rebound eventually. In fact, in the last 10 years, the stock has had a major trend upward, with any drops lasting an incredibly short period of time.

People need the railways to ship everything from grain and goods to people, and that makes CNR a cash machine given its duo-monopoly on the industry shared only with **Canadian Pacific**, increasing its earnings over the last five years by 13% per year. That cash is used again and again to reinvest in the company, reduce debt, and, of course, increase its dividend, with investors seeing a return of 24% over the last year and 16% in the last five years.

Franco-Nevada

Finally, Franco-Nevada is a way investors can put their foot into the mining industry without the risk of having all that money in one mine. While this company has had a few dips in the last decade or so, shares have rebounded almost immediately to create a share trend increase that is now at an all-time high.

This is in part due to the company's strategy of diversifying by product and geography, having a handle on gold, silver, and platinum mines throughout South America, Canada, and the United States. This diversification has produced strong quarterly results, with 80% of revenue coming from precious metals.

These strong results have supported a dividend increase every year for the last 11 years and yields at 1.34% at the time of writing this article. Given that the stock trades at $101.79 at writing, that's a decent annual yield of $1.29 produced quarterly.

CATEGORY

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2. Investing

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