2 Dividend Studs I'm Holding Forever

Description

Warren Buffett's favourite holding period is forever. But even he, one of the most patient investors on the planet, is unable to hold many of his investments forever. While there are some that'll be permanent holdings of **Berkshire Hathaway**, a majority of Berkshire's equity portfolio will be trimmed or sold outright depending on the unforeseen circumstances that arise.

When doing your homework, it's good to think about a name that you'd be willing to hold forever, even if it's not plausible. That way, you'll think very hard prior to pulling the trigger and improve your chances of scoring a long-term winner. A reliable and growing dividend is a great incentive to own and never sell a stock, even after you've hung up the skates.

So, without further ado, here are two stocks that you can hold for many decades at a time.

Canadian National Railway

With one of the widest moats of any business that's publicly traded on the TSX, **CN Rail** (TSX:CNR)(NYSE:CNI) is an essential holding for any extremely long-term portfolio. Because of the astounding width of the firm's moat and the generous double-digit dividend raises it grants to investors frequently, CN Rail is the epitome of a smart long-term investment.

While the railways are economically sensitive, CN Rail has usually endured less-than-average damage in recessions and always comes roaring out of the gate when the time comes to enter the next phase of the market cycle. The dividend (currently yielding 1.77%) seems weak, but it's actually the main attraction to shares of CN Rail.

You see, CN Rail's dividend is like a fine wine. It gets better with age, or, in other words, the yield gets larger based on your original invested principal as the years go by.

Add a competent management team, a solid guidance reaffirmation, and a reasonable valuation into the equation, and you've got the perfect "forever" investment to pick up.

Fortis

Up next, we have **Fortis** (TSX:FTS)(NYSE:FTS), quite possibly the most boring stock that most long-term investors have in their portfolios, either knowingly or unknowingly through a mutual fund or ETF product.

The highly regulated nature of Fortis's cash flow streams is desirable through the eyes of retirees or near-retirees because of the lower implied volatility and the continuously growing dividend, which is geared to stay intact in a recession, depression, or whatever else Mr. Market serves up. Despite being a boring, retiree-friendly stock, I actually think the name is a perfect core holding for any young investor who doesn't want to overextend themselves with growth stocks.

For younger risk takers out there, Fortis, I believe, is the perfect bond alternative. Why settle for "fixed income" when you can get rising income in the form of Fortis's dividend, which is slated to rise by a mid-single-digit amount indefinitely. Sure, Fortis is technically guiding its current dividend growth through the early 2020s, but given the firm's track record, I'd say it's just a matter of time before we hear another dividend-growth renewal that'll last through the late 2020s.

With Fortis, you're getting a 3.5% dividend yield (at the time of writing), and it's likely going to grow 5-6% every year for as long as you're willing to hang on to the stock. That beats the meagre 2.34% return you're getting for any short-term Canadian bond.

Foolish takeaway

With Fortis and CN Rail, just set and forget it.

Trust me; you're not going to want to sell either stock after holding on to them for many decades. The dividend payments would have swollen to levels that are so bountiful that you'd be reluctant to hit the sell button.

Stay hungry. Stay Foolish.

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Date
2025/08/17
Date Created
2019/06/14
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