



2 Dividend Stocks You Can Hold Forever

Description

Nothing compares to a stock you can rely on forever. You can start off with a lot of capital or make some incredible investment decisions that boost your annual returns, but the best way to leverage the power of compounding is to simply buy and hold for seemingly insane time horizons.

As a saver in my late twenties, I take this strategy to heart and focus on companies with business models that can survive the test of time and keep delivering steady returns. Here are my top two picks for dividend stocks I can hold forever:

RBC

Banking and financial services will be needed so long as the economy is structured the way it is today. Banks do face a rising number of threats from negative interest rates to the housing crisis and the disruptive impact of tech start-ups.

However, the **Royal Bank of Canada** ([TSX:RY](#))([NYSE:RY](#)) seems well positioned to fight off all these issues. The largest private bank in the country is well capitalized and thoroughly efficient, making it much more resilient to the economic cycles.

With its venture capital and accelerator division picking up big stakes in interesting start-ups like OJO, Dipp, Rocketman and Wellspent, along with heavy investments in artificial intelligence in partnership with Borealis AI, RBC is trying to stay ahead of the wave of disruption.

While the bank remains exposed to a potential downturn in Canada's over-inflated housing market, I believe an institution that's been around since 1882 and survived multiple housing bubbles over the decades will be just fine when the next one hits.

RBC offers a 3.9% dividend yield at the moment.

Fortis

Similar to RBC's pivotal role in the country's financial infrastructure, **Fortis Inc.** ([TSX:FTS](#))([NYSE:FTS](#)) plays a key part in the country's energy infrastructure.

The utility giant stayed stable through the global financial crisis of 2008 and the downturn in the early 2000s because people don't stop using electricity when the economy takes a dive.

Over the years, Fortis has delivered a healthy and steadily expanding dividend that makes it the ultimate retirement stock for any Canadian investor.

In fact, the company has expanded its dividend and paid out consistently for 46 years, which makes it a Dividend Aristocrat.

What allows the company to keep raising dividends year after year is the fact that management has always been conservative with the firm's cash.

The payout ratio has historically hovered between 60% and 70%. At the moment, the payout ratio sits at just 44%, which means the team is nearly certain to [boost dividends in 2020](#).

Currently trading at 20 times next year's earnings, Fortis is fairly priced for any long-term value-seeking investor.

Bottom line

They say nothing lasts forever. But for investors seeking a wealthy retirement, any business that can sustain profits and dividend payouts over multiple decades is a clear winner.

Banking giant RBC has managed to survive over a century while utility provider Fortis has been conservatively delivering dividends for half a century. Both are excellent dividend-paying stocks that I would be willing to hold onto forever.

CATEGORY

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2. NYSE:RY (Royal Bank of Canada)
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