



Income for Life: 3 Forever Assets I'd Buy in 2020

Description

Many investors try to adopt a long-term approach to investing — something that works for a number of different reasons.

First, holding a selection of excellent long-term stocks takes much of the guesswork out of the process. You buy, hold, and add when appropriate. Having one less decision makes things easier.

A buy-and-hold approach also successfully defers taxes, which is a major reason why [Warren Buffett](#) likes to hold stocks for a very long time.

Finally, the mindset encourages a long-term view — arguably the most successful way to go about it, especially for folks who lack a strong finance background.

The only thing left is to choose the appropriate stocks for your portfolio. Here are three great names to get you started — companies that look poised for success in 2020, 2030, and decades to come.

BSR REIT

BSR REIT ([TSX:HOM.U](#)) is a U.S.-based owner of residential property, consisting of apartments clustered around certain southern markets that management is excited about over the long-term. The company owns close to 10,000 apartments in markets like Little Rock, Dallas, and Oklahoma City.

One thing I really like about BSR is the high insider ownership. Several members of the company — including CEO John Bailey — own 47% of the company.

I also like the stock's reasonable valuation when compared to its peers, its huge growth potential, and its exposure to the U.S. real estate market, which looks to be much more reasonably valued than here in Canada.

You know people are always going to need somewhere to live, so it's easy to see how this stock can provide steady income for a very long time.

The current payout is US\$0.0417 per share each month, which works out to a 4.2% yield. You don't have to worry about the security of the distribution, either. The current payout ratio is approximately 80%.

Bank of Nova Scotia

I can think of few sectors that have built-in [moats](#) better than Canadian banking. For decades now, various upstart competitors have tried to carve out a significant market share, only to fail over and over again.

My favorite Canadian banking stock today is **Bank of Nova Scotia** ([TSX:BNS](#))([NYSE:BNS](#)), mostly because of its foreign operations. The company is big in Latin America, with assets in nations such as Mexico, Peru, Chile, and Colombia.

Yes, political unrest is rocking some of these nations today, but their growth prospects look great over the long term. And higher interest rates in the region allows Scotiabank to make outsized profits over the long term.

The company's operations here in Canada are still solid too, of course. Scotiabank is Canada's third-largest bank with a particular focus over the last few years in expanding its wealth management and credit card divisions. I like its exposure to the mortgage broker channel in its lending business, too.

Scotiabank offers one of the best dividends in the entire Canadian banking sector, with a current yield of 4.9%. The payout has been hiked each year for nearly a decade now, and the payout ratio is just 50% of earnings.

Algonquin

Algonquin Power and Utilities ([TSX:AQN](#))([NYSE:AQN](#)) has two great businesses that look poised to stand the test of time. It owns various electric, gas, and water utilities — mostly in the United States, but recent acquisitions will diversify these operations into Canada and the Caribbean — as well as various power plants across North America, with a focus on renewable energy sources.

The company is relatively small today, with a market cap of just \$9.7 billion, which means it still has plenty of potential to expand.

Management has announced a big five-year growth program that will see it invest \$9.2 billion into new power plants and additional utility infrastructure, something that looks poised to really move the bottom line.

This should all bode well for dividend growth, which has been outstanding over the last decade. The payout has grown by approximately 10% per year, increasing to US\$0.564 per share in 2019.

With the payout ratio at under 50% of adjusted funds from operations and the ambitious growth plan

already in place, investors can expect Algonquin to continue its dividend growth for years to come.

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2. NYSE:BNS (The Bank of Nova Scotia)
3. TSX:AQN (Algonquin Power & Utilities Corp.)
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