



3 Dividend Stocks to Buy and Hold Forever

Description

The long-term benefits of [reinvesting dividends](#) can have a profound effect on your portfolio in retirement. Choosing the right mix of investments early on and holding on those investments for a decade or more can spell the difference between a comfortable retirement or needing to work well into your 60s.

Fortunately, the market gives us plenty of opportunities to acquire that perfect investment mix. Here are three such investments worth considering.

If you need a utility, this is the one to pick

Fortis ([TSX:FTS](#))([NYSE:FTS](#)) is a company that should be on the radar of every investor. As one of the largest utilities on the continent, Fortis has a sprawling portfolio of assets in Canada, the U.S., and in the Caribbean.

Utilities make excellent long-term options for any portfolio, owing to their lucrative business model and stable dividends. In short, utilities provide a necessary service to the communities they serve protected under long-term contracts that can span decades. In other words, as long as the utility keeps the power running, it benefits from a stable and recurring revenue stream.

That stable and recurring revenue stream then enables Fortis to reward investors with a handsome (and growing) dividend. The current payout works out to a respectable 3.27% yield, and Fortis has managed to provide investors with a solid annual bump to that dividend for over four decades consecutively.

In terms of results, Fortis announced results for the fourth fiscal of 2019 last week, which were, in a word, impressive. The company reported net earnings of \$345 million, or \$0.77 per share, handily beating the \$261 million, or \$0.61 per common share, reported in the same period last year.

This telecom can make you rich

Another great option to consider is one of Canada's telecoms. **Telus** ([TSX:T](#))([NYSE:TU](#)) is an interesting pick in this regard, as the company often flies under the radar compared to its larger and more popular peers.

Like utilities, telecoms are great defensive investments, owing in part to their growing necessity on our daily lives. In the case of Telus, strong growth across its wireless segment continues to spearhead growth at the company. By way of example, in the most recent quarter, Telus announced an impressive 130,000 new net wireless customers, reflecting an impressive 5.5% improvement in the subscriber base over the same period last year.

Telus's Fibre TV and internet services are also noteworthy contributors to the company's bottom line. In that same quarterly report, Telus reported \$379 million in net income, which came in 3% higher when compared with the same quarter last year.

As a dividend investment, Telus provides a quarterly payout that currently works out to a 4.27% yield. While this is not the highest yield among telecoms, it is stable and continues to see handsome annual hikes, unlike two of its three telecom peers.

Renewable energy can power you to riches

TransAlta Renewables ([TSX:RNW](#)) is an investment that is ripe with opportunity. Similar to traditional utilities, TransAlta offers investors a handsome dividend backed up by a defensive business model that few can match.

TransAlta currently boasts a portfolio of solar, wind, hydro and natural gas elements across 10 operating regions in Australia, Canada, and the U.S. Those facilities are backed up by PPA agreements that are not unlike fossil-fuel burning utilities.

That stable business model also means that TransAlta can provide a lucrative and secure dividend while also investing in growth. By way of example, last month TransAlta announced that two wind farms with 119 MW of capacity came online over the holidays.

Turning to dividends, TransAlta currently provides a handsome [monthly payout](#) that works out to a 5.38% yield, handily making this stock a solid buy for long-term investors.

Final thoughts

The importance of investing early and often can't be understated, but equally as important is the need to pick the *right* stocks for your portfolio. The three stocks outlined above all offer growth and income-earning prospects for nearly any type of portfolio.

Buy them, hold them, and retire rich.

CATEGORY

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