2 Must-Own Stocks for a Lifetime of Safe Dividends

Description

The buy and hold strategy works well for long-term investors as well as retirement planners. If the stock market is your investing ground, the first hurdle is selecting the absolute must-own stocks for a lifetime of safe dividends.

Many income investors look for companies with long dividend growth streaks (DGRs). One attractive combination is the **Canadian Western Bank** (TSX:CWB) and **Enbridge** (TSX:ENB)(NYSE:ENB). The former has raised dividends for 28 consecutive years while the latter's DGR is 24 years.

Evolving bank

While a regional bank like Canadian Western is too small to be one of the "Big" banks, it's becoming a reliable investment option in the banking sector. Investors were pleased with the fiscal 2019 performance of the bank. Management reported several milestones along with impressive financial results.

This Edmonton-based bank made significant progress, from operating performance to near-perfect execution of its transformation strategy.

The backdrops were balanced growth strategic objectives and continuing loan portfolio diversification. Branch-raised deposits also grew by 12% or $1.5 billion, which is a record for the bank.

CWB President and CEO Chris Fowler reiterates the bank's strategy of creating long-term value. He said the bank is taking a bold step forward as a disruptive force in Canadian financial services.

The bank stock is yielding 3.42%, with the payout ratio at a low 35.53%. Analysts see CWB growing at an annual growth rate of 8.25% in the next five years. The growth clip is higher than the estimates for the Big Five banks in Canada.

Durable choice

Enbridge is a perennial top choice of dividend investors. This $111.99 billion energy giant continues to rake in billions of dollars from fee-based contracts.

The cash flow these contracts deliver comprises 98% of total revenue. Similarly, the list of expansion projects in the pipeline means more growth is ahead.

About $19 billion worth of expansion projects is under construction. The compound annual growth rate (CAGR) through the year-end 2020 should be around 10%. Over the next five years, the yearly growth estimate is 7.23%.

The pace of dividend growth after 2020 would taper off to 5% to 7% from 12.1% in the past 20 years. Management anticipates a moderate slowdown of operations in the coming years. Still, the 5.83% dividend should be sustainable moving forward.

With the world pivoting toward renewable energy, Enbridge is starting to invest in renewables. The company is constructing a pair of wind farms in Europe. Year to date, the gain of the energy stock is 8.75%. Based on analysts' forecasts, the price could settle at $65 by the end of this year.

No perfectly safe dividends

I don't see Canadian Western Bank and Enbridge breaking the dividend growth streaks at this point. For this reason, the stocks are ideal bets for the buy and hold strategy. However, there are no perfectly safe dividend stocks.

All companies, regardless of sector, are not immune to market crashes.

While a prolonged bear market could mean that investors can lose gains, I understand that dividend growth streaks matter, and it's comforting if you're investing for the long term.

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