Best Dividend Stocks to Buy in Canada March 2020 and Hold Forever

Description

The stock market correction or stock market crash, as some investors may call it, has given us some nice dividend stock buying opportunities.

Specifically, the **TSX Index** has dipped 8% from its all-time high after experiencing a relief rally on Monday.

Now you can lock in juicy yields from these best Canadian dividend stocks to buy and hold forever!

First off, we have **TD Bank** (TSX:TD)(NYSE:TD) stock.

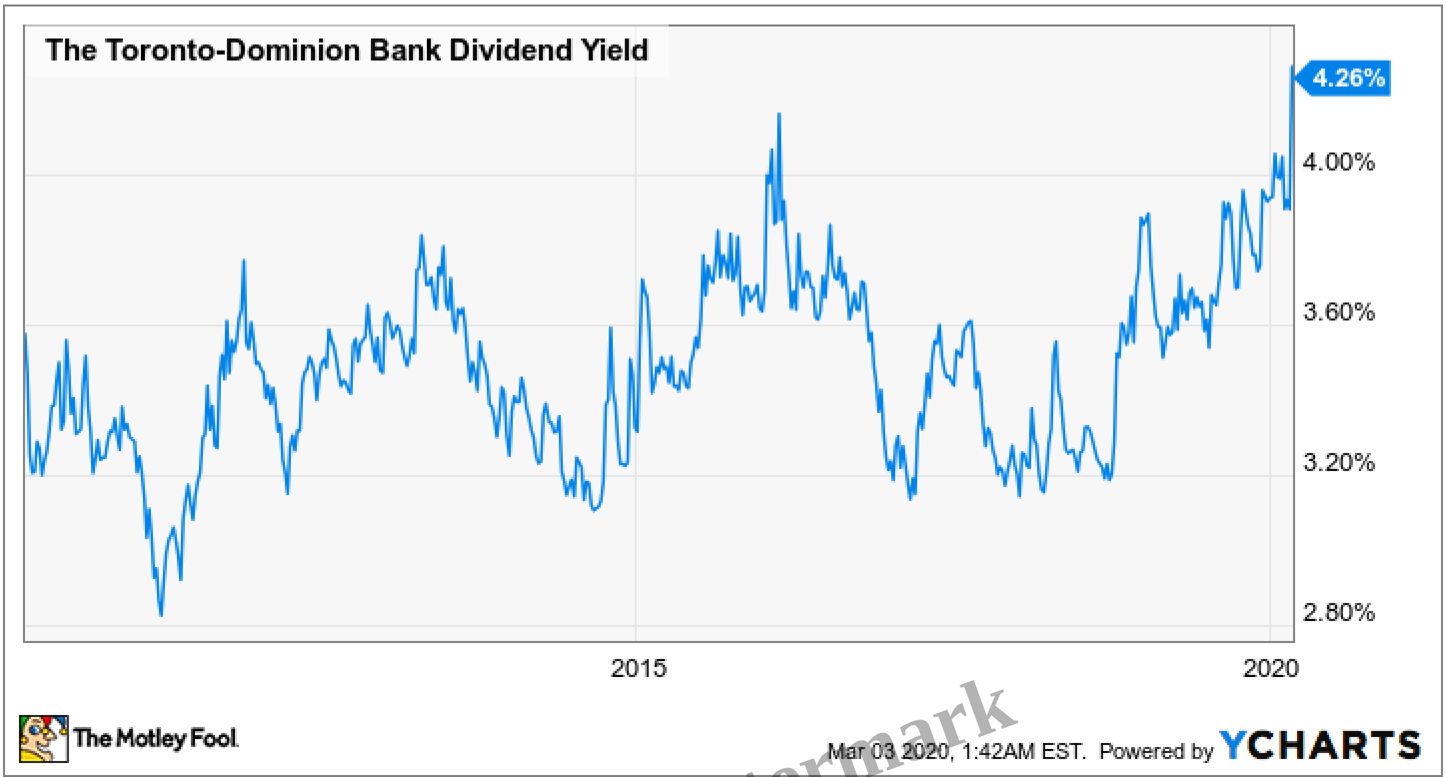
TD Bank yields 4.6%

TD Bank stock is easily one of investors' favourite long-term core holdings. Along with the market correction, the quality dividend stock dipped more than 8%.

One can observe that the bank stock has been consolidating largely in the high $60s and $77 range. At about $70 per share at writing, the stock trades at about 10.3 times earnings, which is a meaningful discount from its long-term historic valuation of a price-to-earnings ratio of roughly 12.

The bank had an all right fiscal first quarter. Results were dampened by lower interest rates over the last few quarters in the U.S., where it generates about 40% of its earnings. To make matters worse, growth can further be dampened, as interest rates are expected to be cut in Canada this year.

Investors are compensated by a solid yield of nearly 4.6%, though. TD Bank stock just increased its dividend by 6.8%. Because of the discount the TD stock price offers, the bank now offers a 10-year-high dividend yield, as shown in the graph below.



TD Dividend Yield data by YCharts.

Combining a high dividend yield, a low valuation, and stable growth in the long run, buyers of TD Bank stock today can expect annualized total returns of as much as 16% over the next three years.

Up next, we have **A&W Revenue Royalties Income Fund** (TSX:AW.UN).

A&W yields 5.4%

A&W is a pleasant diversification away from the TSX Index that's heavily weighted in financials (about 36% of weighting), energy (18%), industrials (10%), and materials (10%).

A&W falls under the consumer discretionary sector. If you review its past cash flow operations, predominantly from which it pays out its dividends, you'll find that they've been highly stable and predictable. Its dividend yield is also 90% larger than what the TSX Index offers!

These characteristics are what make the stock a great conservative core holding for any portfolio.

A&W's dividends are paid out from the royalty income it collects from about 971 A&W restaurants across Canada. There are A&W locations in the U.S. and other parts of the world, but they're operated independently from the Canadian operations.

From each of the roughly 971 locations, it gets 3% of gross sales as royalty fees. Its same-store sales track record has been top-notch. From 2009 to 2019, it experienced same-store sales growth in nine out of 11 years, while one year was flat, and one year had -0.7%, which was only marginally lower.

Since 2007, the dividend stock has delivered TSX-beating total returns of about 12.7% per year thanks to its predictable growth and juicy dividend yield.

Investor takeaway

Investors should take the market correction as an opportunity to add to their core dividend stocks that have staying power. I bought both TD Bank and A&W stocks on the latest dip and plan to collect passive income from them forever. Moreover, I expect that dividend income to increase at a rate faster than inflation.

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2. TSX:AW.UN (A&W Revenue Royalties Income Fund)
3. TSX:TD (The Toronto-Dominion Bank)

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