Yawn All the Way to The Bank With These 3 Dividend Stalwarts

Description

I was once fortunate enough to spend the afternoon with Jim, a real-life early retiree.

Jim's story is pretty remarkable, yet I fully believe many people reading this could pull off something similar. After working just 25 years as an electrician and embracing a life of frugality, Jim retired at the ripe old age of 45.

That was six years ago, and Jim is still doing great. His net worth has grown to $1.5 million — compared to $1 million when he retired — and the $40,000 he takes from his investments each year is plenty. Remember, Jim's house is paid off, so his fixed housing costs are under $1,000 per month.

Jim is full of investing wisdom. After all, he's been investing in individual stocks since the 1990s. One thing he says that I really enjoy is comparing successful investing to watching paint dry. He specifically chose boring dividend stalwarts as the bedrock of his portfolio, putting his money in stocks he still owns today, some 25 years later.

Inspired by Jim, let's take a closer look at three dividend stalwarts, dull Canadian stocks that have quietly delivered solid long-term results.

Fortis

Fortis (TSX:FTS)(NYSE:FTS) is one of North America's largest utility companies. It owns power and natural gas assets across Canada, as well as in the United States, the Caribbean, and Central America.

The company has delivered steady growth over the years by using a combination of acquisitions, growth projects, and raising prices to customers. The company has also done an excellent job executing over the years. These factors have helped Fortis deliver one of Canada's best dividend growth streaks.

The company has raised its dividend each year since the early 1970s and recently told investors to expect raises through at least 2024.

While this dividend stalwart is hardly an exciting company, it has delivered nice long-term returns. Over the last 20 years including reinvested dividends, Fortis shares have generated a total return of 14.2% annually. That's enough to turn an original $10,000 investment into something worth more than $142,000 today.

Rogers Sugar

Rogers Sugar (TSX:RSI) is one half of Canada's dominant sugar duopoly. Along with Redpath, its main competitor, Rogers owns the sugar market in Canada. This moat is further solidified by tariffs on foreign sugar and large costs to enter the sector.

Sugar isn't exactly a growth business today — after all, most people are trying to eat less of the stuff — but it's still a steady business that should grow at about the same pace as the overall economy. Rogers recently expanded into maple syrup, which hasn't really gone well, putting pressure on the stock price, creating an excellent long-term buying opportunity.

Rogers Sugar is another boring dividend stalwart that has delivered excellent long-term returns. Since the stock debuted as an income trust in 2003, Rogers Sugar has posted an 11.87% annual return if dividends were reinvested — enough to turn a $10,000 original investment into a $64,721 nest egg today.

Empire Company

Many investors don't like the grocery business because there's a lot of competition, margins are tight, and stores mostly sell commodity products.

But there's certainly a bull case for grocery operators like **Empire Company** (TSX:EMP.A), the parent company of some 1,500 different grocery stores across Canada operating under banners like Sobeys, Safeway, IGA, Thrifty Foods, and Freshco.

The same story plays out every recession. Folks rush to the grocery store instead of going to restaurants, hoping to save a little money. COVID-19 made this all the worse, since many restaurants were shut down. People didn't really have a choice.

Empire has been a steady performer for decades now, including very quietly putting together an impressive dividend growth streak. The company has hiked dividends each year since 2000 and has a history of steady dividend increases since 1984. Shares currently yield 1.5%.

It has also delivered solid long-term returns. Over the last 20 years, Empire shares have compounded at an annual return of 10.42% including reinvested dividends. Not a bad result for investing in a boring dividend stalwart.

The bottom line

I think early retiree Jim is onto something. A portfolio stuffed full of boring dividend stalwarts has delivered excellent returns over the last 20 years. There's no guarantee it'll happen again, but these businesses aren't going anywhere.

I like their chances over the next 20 years too.

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2. TSX:EMP.A (Empire Company Limited)
3. TSX:FTS (Fortis Inc.)
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