



Income Investors: 3 Smart Picks to Buy Now and Hold for Decades

Description

If you're looking to buy stocks that provide safe and consistent dividend income, here are the three **TSX** stocks that you can buy and hold for decades.

Pembina Pipeline

For investors seeking a steady and safe dividend income for the next decade, **Pembina Pipeline** ([TSX:PPL](#))([NYSE:PBA](#)) is [my top TSX pick](#). Pembina offers a monthly dividend that is backed by its fee-based cash flows. Besides, it offers a forward yield of 7.5%, which is not only high, but also safe.

Pembina's dividends have consistently grown at a mid-single-digit rate over the past several years. Moreover, the company has never announced a cut in its dividends.

Pembina's high dividend yield reflects the sharp decline in its stock price following the crash in oil prices. However, Pembina's business is highly diversified and contracted, reducing price and volume risks. Also, the company's distributable cash flows aren't dependent on businesses that have direct commodity exposure.

The company's fee-based long-term contracts enable it to generate significant cash flows that are more than enough to cover its dividends. For instance, about 73% of its fee-based cash flows were enough to cover its common share dividend payments in 2019.

Pembina's diversified and contracted business should continue to support its cash flows, in turn, its dividends in the future.

Brookfield Renewable Partners

Unlike Pembina, **Brookfield Renewable Partners** ([TSX:BEP.UN](#))([NYSE:BEP](#)) doesn't pay monthly dividends, but it is known for its impressive payouts. The green energy producer has raised its dividends by 6% annually since 1999, which is impressive. Besides, management is targeting a 5% to 9% growth in annual payouts for the future.

Brookfield Renewable Partners stock offers a forward dividend yield of 4.7%, which is lucrative as well as safe. The company's business is resilient to the economic doldrums, thanks to its long-term power purchase agreements. Also, these long-term contracts are indexed for inflation, implying higher price realizations in the future.

Investors should note that more than 95% of its power production in 2020 is contracted, which ensures that the economic slowdown or decline in demand will not have much of an impact on its earnings and cash flows. Also, its capital recycling strategy continues to boost liquidity and helps it to capture high-growth opportunities and accelerate growth.

Brookfield Renewable Partners's predictable cash flows and steady dividend growth make it a perfect stock for income investors.

Canadian Utilities

When it comes to consistent dividend growth, **Canadian Utilities** ([TSX:CU](#)) stock has to be on every investors' list. The company has raised its dividends for a consecutive [period of 48 years](#), more than any Canadian company listed on the exchange. Also, Canadian Utilities stock offers an attractive forward dividend yield of 5.6%, which is pretty safe.

As the name suggests, Canadian Utilities runs a rate-regulated utility business that generates predictable cash flows and accounts for 95% of its earnings.

The company's ability to generate steady cash flows, consistent rate base growth, contracted energy and infrastructure business, and cost-saving measures should continue to support its future dividend growth and payouts.

CATEGORY

1. Dividend Stocks
2. Energy Stocks

TICKERS GLOBAL

1. NYSE:BEP (Brookfield Renewable Partners L.P.)
2. NYSE:PBA (Pembina Pipeline Corporation)
3. TSX:BEP.UN (Brookfield Renewable Partners L.P.)
4. TSX:CU (Canadian Utilities Limited)
5. TSX:PPL (Pembina Pipeline Corporation)

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