



## 3 Dividend Aristocrats to Buy and Hold Forever

### Description

A goal of many investors is to build a portfolio that gives them passive income. However, it can be tough to choose companies that will allow you to do this, as some companies will occasionally cut or interrupt their dividend. In this article, I will discuss three companies that would serve as a solid foundation for any dividend portfolio.

### The leader in the rail industry

The nationwide leader in railway transports is **Canadian National Railway** ([TSX:CNR](#))([NYSE:CNI](#)). The company is the largest in the country in terms of revenue and length of track (32,831 kilometres). [Its network](#) stretches from British Columbia to Nova Scotia and into the southern United States.

Since 2019, Bill Gates has become the single largest shareholder of Canadian National Railway, demonstrating the sort of backing the company has from large investors.

The company has the tenth-longest active dividend growth streak in Canada, after having successfully raised its dividend distribution for the past 24 years. Canadian National Railway currently has a payout ratio of 35.45%, which indicates that the company has more room to grow its dividend in the future.

I am a big fan of this company, having [written about it before](#). It would be a great addition to any beginner or experienced investor's portfolio.

### The leader in an emerging market

This next company is perhaps my favourite on this list because of its combination of solid dividend distribution and potential for growth. **Bank of Nova Scotia** ([TSX:BNS](#))([NYSE:BNS](#)) is my pick for the top company out of the Big Five Banks, and the next Dividend Aristocrat that I would construct a portfolio around. It is currently the third-largest bank in Canada, in terms of deposits and market cap.

The reason I think it is the top bank in Canada is because it is the *bona fide* leader among Canadian

banks in the Pacific Alliance (Chile, Columbia, Mexico, and Peru). This region is very much underbanked compared to the United States and Canada, and analysts are forecasting much faster economic growth in the region as well. This makes the Bank of Nova Scotia the leader in an emerging economy.

It currently has the longest dividend growth streak among the banks (tied with the **Canadian Imperial Bank of Commerce**) at nine years. Its dividend payout ratio is 58.72%, a bit higher than my preferred limit of 50%. However, the Bank of Nova Scotia's potential growth definitely outweighs that higher payout ratio, and it should definitely find a place in a solid dividend portfolio.

## A king in the utility industry

The final company in this list is **Fortis** ([TSX:FTS](#))([NYSE:FTS](#)). This is one of the most popular Canadian companies, and investors long-admired its reliable dividend increases. As of this year, Fortis has the second longest active dividend growth streak in Canada at 46 years!

Only **Canadian Utilities** has managed to grow its dividend over a longer period. Fortis generates and distributes electricity to communities in Canada, the United States, Central America, and the Caribbean.

The company has been growing its dividend since 1974, over which time it has maintained a dividend payout ratio between 40% and 90% (current ratio is 49.73%). In the previous section, I mentioned how a dividend payout ratio of 50% was the limit that I look for in strong dividend companies, but another exception can be made for Fortis.

Its management has a proven track record of being able to allocate capital wisely over many decades.

## Foolish takeaway

Constructing a well-diversified dividend portfolio is a sure-fire way to provide yourself with passive income for the foreseeable future. The companies in this article all come from reliable industries and are the leaders in their respective industry.

If you want three companies to form the foundation of your dividend portfolio, I would definitely consider Canadian National Railway, Bank of Nova Scotia, and Fortis.

### CATEGORY

1. Bank Stocks
2. Dividend Stocks
3. Investing

### POST TAG

1. bank
2. Bank stocks
3. banking
4. canada
5. dividend stock

6. investing
7. market
8. utilities
9. value investing
10. yield

## TICKERS GLOBAL

1. NYSE:BNS (The Bank of Nova Scotia)
2. NYSE:CNI (Canadian National Railway Company)
3. NYSE:FTS (Fortis Inc.)
4. TSX:BNS (Bank Of Nova Scotia)
5. TSX:CNR (Canadian National Railway Company)
6. TSX:FTS (Fortis Inc.)

## PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Sharewise
6. Yahoo CA

## Category

1. Bank Stocks
2. Dividend Stocks
3. Investing

## Tags

1. bank
2. Bank stocks
3. banking
4. canada
5. dividend stock
6. investing
7. market
8. utilities
9. value investing
10. yield

## Date

2025/08/16

## Date Created

2020/06/24

## Author

jedlloren

default watermark