



3 Dividend Stocks to Buy and Hold for Decades

Description

Although the equity markets are up this month after a pullback in September, the rising COVID-19 cases and weak economic indicators could create headwinds. Also, the low-interest environment has made the yields on the debt instruments non-attractive. So, investors could invest in stocks that pay risk-free dividends to earn stable and predictable income.

Meanwhile, here are the three dividend stocks that you can buy and hold for decades.

TELUS

With telecommunication becoming an essential service in today's digital ecosystem, my first pick would be **Telus** ([TSX:T](#))([NYSE:TU](#)), which offers a diverse set of telecommunication products and services. Despite the pandemic, the company added 141,000 net new customers in its [second quarter](#), which drove the company's top-line by 3.6%.

Further, the company generated \$511 million of free cash flows, representing year-over-year growth of 57%. Meanwhile, the company's management expects its free cash flows for this year to come closer to the lower end of the earlier provided range of \$1.4 billion to \$1.7 billion. So, given its strong cash flows and healthy liquidity of \$3.6 billion, I believe the company's dividends are safe.

The company has announced quarterly dividends of \$0.2913 per share for the third quarter, representing a dividend yield of 4.8%. Further, the management has announced to raise its dividends by 7-10% every year from 2020 to 2022, which is encouraging.

Meanwhile, Telus's growth prospects also healthy, given the launch of its 5G network in five markets across Canada and rising demand for its services amid the structural shift toward remote working and learning. So, I believe Telus would be an excellent buy in this volatile environment.

Canadian Utilities

My second pick would be **Canadian Utilities** ([TSX:CU](#)), which generates 95% of its earnings from regulated utility business, thus providing stability to its earnings and cash flows. The stable earnings have allowed the company to raise its dividends for the past 48 consecutive years. The company has announced quarterly dividends of \$0.44 per share, representing a forward dividend yield of 5.2%.

Meanwhile, at the end of June quarter, the company had cash and cash equivalents of \$940 million and had access to \$2.25 billion of credit. So, the company's liquidity position looks healthy.

Further, the company has planned to invest \$3.5 billion in its regulated utility business and long-term contract assets from 2020 to 2022, which could drive its earnings growth. So, its resilient business, higher rate base, and strong liquidity position could help the company raise its future dividend payouts.

TransAlta Renewables

TransAlta Renewables ([TSX:RNW](#)), which owns 19 wind facilities, 13 hydro facilities, and one natural gas plant, is my third pick. Apart from these assets, the company also has economic interests in diverse investments in the United States and Australia. Together, these assets generate 2,555 megawatts of power, which is sold through long-term power purchase agreements. So, its earnings and cash flows are stable.

Amid the concerns over the rising pollution levels, the world is moving toward non-renewable resources. Meanwhile, being an early mover, the company could benefit from this favourable shift. Further, its weighted average remaining contractual life of its current PPAs stands at 11 years. So, the [company's outlook looks healthy](#).

Meanwhile, the company generated \$71 million of cash from its operating activities during its recently completed second quarter, boosting its liquidity to \$498 million. So, given its strong growth prospects, stable cash flows, and healthy liquidity, I believe its dividends are safe. The company pays monthly dividends. Its forward dividend yield currently stands at an attractive 5.3%.

CATEGORY

1. Investing

TICKERS GLOBAL

1. NYSE:TU (TELUS)
2. TSX:CU (Canadian Utilities Limited)
3. TSX:RNW (TransAlta Renewables)
4. TSX:T (TELUS)

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Quote Media

6. Sharewise
7. Yahoo CA

Category

1. Investing

Date

2025/08/24

Date Created

2020/10/12

Author

rnanjapla

default watermark

default watermark