2 Under-the-Radar Dividend Stocks to Buy and Hold Forever

Description

Long-term investing is a simple strategy that can reward you with a fortune in the future. The challenge is looking for assets that will help you achieve your financial goals. Established dividend players are the usual choices. However, there are dividend stocks flying under the radar that you can also buy and hold forever.

Nutrien (TSX:NTR)(NYSE:NTR) in the agriculture industry and mortgage insurer **Genworth MI Canada** (TSX:MIC) are noteworthy additions to any dividend portfolio. Both companies can deliver long-term, recurring income streams, as you go about the wealth-building process.

Promising outlook

COVID-19 brought massive destruction, but an old-school business is holding ground and gaining traction amid the crisis. Nutrien from Saskatoon, Canada, is the world's biggest potash producer and provider of crop inputs and services.

Agriculturists and farmers use potash as a fertilizer to support plant growth and increase crop yield. It also makes plants disease resistant and enhances water preservation. Nutrien has a market capitalization of $30.82 billion and currently pays a 4.44% dividend.

The stock is underperforming (-9.35% year to date) but should turn around, as online orders reach $1 billion by year-end 2020. Nutrien has ample cash (about $900 million), after all expenses, to sustain operations and move with the digital environment.

The growing retail farming should also increase demand for crop nutrients and crop-protection products, thereby driving growth. Nutrien can generate more free cash, wash down debts, and pursue vertical integration. The business outlook is promising, and the current share price of $54.16 is a good entry point.

Favourable trend

Genworth MI, the largest private residential mortgage insurer in Canada, is benefitting from the resilient housing market and low rate interest environment. This 25-year-old company offers both transactional and portfolio mortgage insurance. It has a broad underwriting and distribution platform across the country.

At the current share price of $44.20, the $3.81 billion company pays a 4.89% dividend. Genworth MI has increased its dividend every year since going public in 2009. Likewise, the payouts should be safe and sustainable, given the very low 45.42% payout ratio.

While competition in the insurance agency is tough, Genworth has a significant market share due to its long-standing relationships with Canada's lenders, mortgage brokers, realtors, builders, and industry associations. Genworth's EPS has grown by more than 5% CAGR over the last 10 years.

If first-time homebuyer activities persist in the winter and beyond, mortgage insurance will remain indispensable. Thus far, the present scenario fully supports the trend and strong desire for homeownership. Furthermore, the recovery of the labour market should result in a more balanced housing market.

Positives overshadow the negatives

Nutrien and Genworth MI Canada are not the usual core holdings in a stock portfolio but allow income investors to diversify. However, the businesses are not without risks, so you must align them with your risk appetite.

Nutrien has a great and essential business, although it's highly dependent on the price of potash. Vertical integration of its retail operations can mitigate the risk. The threat to Genworth MI Canada is a housing crash, but the company doesn't insure high-risk or sub-prime mortgages. Both are viable options, because the positives overshadow the negatives.

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Date
2025/08/23
Date Created
2020/11/03
Author
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