



2 Top Canadian Dividend Stocks to Buy and Hold Forever!

Description

It's a new year, so you might be wondering what some of the best Canadian dividend stocks to own in 2021 are. The reality is, the top Canadian [dividend stocks](#) to own in 2021 are probably pretty similar to the list in 2020 and 2019 and years before that. The point is, if a company has strong business fundamentals, there should be no reason to rotate out of it just because it is a new year. If you have winners from 2020, there is a good chance they will do well in 2021 as well.

Sometimes the best thing to do is nothing

So long as the valuation has not become obscene or the investment thesis has changed, your best bet is to keep holding your dividend winners for a long time. For the best Canadian dividend stocks, you want a few key fundamentals.

First, own companies with great management teams and a strong track record of growth. Second, own businesses that are well capitalized and have strong balance sheets. Third, own stocks that produce consistent cash flows with mechanisms for cash flow growth. Last, own companies that have enduring business plans and can achieve success in any market. Companies that have long thematic tailwinds are a great bet for building long-term wealth. Considering this, my top two Canadian dividend stocks to buy in 2021 and hold forever are **Brookfield Infrastructure Partners** ([TSX:BIP.UN](#))([NYSE:BIP](#)) and **Telus** ([TSX:T](#))([NYSE:TU](#)).

This top Canadian dividend stock is a money tree

Had you bought Brookfield Infrastructure at the start of 2011 and then held it for the next 10 years, you'd be sitting on a massive 710% total return (including dividends). In fact, the dividends alone make up 310% of that return. This company is a dividend machine!

Infrastructure is increasingly becoming an attractive investment. For economies to operate efficiently, they need power lines, railways, ports, toll roads, pipelines, and cell towers. Yet many heavily levered governments can no longer afford to construct or operate new infrastructure. That is where BIP steps

in. It can utilize its global operational and financial expertise to acquire assets, finance them, and then operationally manage them to become prime, cash-flowing assets.

Today, this top Canadian dividend stock pays a great 4% yield. Yet, as BIP expands organically and through acquisition, investors can easily expect annual dividend growth of 5-11% for many years to come.

This top Canadian dividend stock is boring, but not for long

You might be a bit disappointed that my second top Canadian dividend stock pick was Telus. For many, this is just a [boring](#) old telecom that seems to keep raising your cell bill every few months. I can't dispute that. Yet, the reality is, its investment thesis is actually heating up this year.

Telus has made a lot of progress in 2020 attracting new customers to its diverse wireless/wireline products. It has consistently been rated with some of the fastest, most reliable internet and data service in the world. This has fuelled the capacity to produce very strong stable cash flows, even despite the pandemic. Consequently, Telus raised its already attractive 5% dividend by 7% in 2020.

Yet, it is not the wireline or wireless businesses that excite me. Telus has been quietly investing in businesses that are accommodating the digitization of society. You may not even know, but it owns Canada's largest tele-health business. Likewise, it operates Telus International, which provides business digitization/automation services for everything from call centres to IT networks. It also recently expanded into agricultural technological solutions.

Each of these segments are strong businesses in their own right. Yet this top Canadian stock does not properly reflect its valuation. You can buy it cheap today, lock in a great yield, and watch Telus unlock shareholder value for many years to come!

CATEGORY

1. Dividend Stocks
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1. Editor's Choice

TICKERS GLOBAL

1. NYSE:BIP (Brookfield Infrastructure Partners L.P.)
2. NYSE:TU (TELUS)
3. TSX:BIP.UN (Brookfield Infrastructure Partners L.P.)
4. TSX:T (TELUS)

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