3 Dividend Aristocrat Stocks to Buy and Hold Forever

Description

Past performance does not guarantee future results. It's an important lesson that all investors learn sooner or later. Ironically, most stock analysis techniques, especially when it comes to fundamental analysis of stocks, rely quite heavily on past data.

default watermark

That said, there are things you can look into when you are considering a company as a long-term holding: its dividend history, position in the industry, competitive landscape, balance sheet, etc. These things might help you make reasonable predictions about the company's future and whether it would stay profitable for the next few decades.

A leader in the banking sector

Royal Bank of Canada (TSX:RY)(NYSE:RY) is one of the few stocks that you can buy and hold forever with relative certainty that it will be profitable for you in the long term. It's the largest banking institution in the country and the fifth largest on the continent. It has been an Aristocrat for over nine years and has grown its payouts at a modest pace (36% in the last five years).

When digital banks started disrupting the sector, many people assumed it was the end of conventional banking. But major banks, with their online banking tools and platforms, still hold the majority of the market, and it's unlikely to change anytime soon, especially in Canada, where banks are extremely stable. Royal Bank comes with a juicy 4% yield and decent 11.5% 10-year CAGR, which is quite sustainable for the long term.

The oldest Aristocrat

Canadian Utilities (TSX:CU) often gets lost in the shadow of **Fortis**, one of the most revered utility stocks in the country, but it holds the distinction of being the longest-standing Aristocrat on the TSX. It has been growing its dividends for 48 consecutive years and will reach the “Dividend King” status by the U.S. standards soon. The reason it’s not usually the first pick from the sector is its relatively modest capital growth potential.

Still, it’s a remarkable Dividend Aristocrat and offers a very desirable 5.4% yield. It has grown its payouts by 33% in the last five years. It’s inherently safe as a utility stock, and if the company can capitalize on the green energy “shift,” it might also emerge as a decent growth stock as well. For now, it can serve as an adequately generous dividend stock that you can buy and hold forever.

A growth-oriented Dividend Aristocrat

If you want to add a bit more growth in the mix (and are willing to compromise on the yield), **Canadian National Railway** (TSX:CNR)(NYSE:CNI) might be considered a good pick. Its modest 1.6% yield comes with a powerful 10-year CAGR of 17.4%. At this rate, a one-time $10,000 investment has the potential of growing to half-a-million dollars in fewer than three decades.

It has a dominant position in the transportation sector, and thanks to an extensive network of railway tracks that it controls and operates, it’s likely to stay that way. The company is regularly investing a significant amount of its profits into improving and enhancing its infrastructure and, by extension, keeping its competitive edge sharp.

default watermark

Foolish takeaway

All three Aristocrats have powerful asset bases, dominant positions in the market, and stable clientele/consumer bases. Royal Bank and Canadian National Railway might even be considered “too big to fail” to a certain degree. They also offer a decent mix of growth and payout. Based on your investment goals, you can either choose to reinvest the dividends or start a dividend income.

CATEGORY

1. Bank Stocks
2. Dividend Stocks
3. Investing

TICKERS GLOBAL

1. NYSE:CNI (Canadian National Railway Company)
2. NYSE:RY (Royal Bank of Canada)
3. TSX:CNR (Canadian National Railway Company)
4. TSX:CU (Canadian Utilities Limited)
5. TSX:RY (Royal Bank of Canada)

PARTNER-FEEDS

1. Business Insider

2. Koyfin
3. Msn
4. Newscred
5. Quote Media
6. Sharewise
7. Yahoo CA

Category

1. Bank Stocks
2. Dividend Stocks
3. Investing

Date
2025/08/25
Date Created
2021/01/09
Author
adamothman

default watermark

default watermark