



## Own These 2 Dividend Stocks? Hold Them Forever!

### Description

Defensive dividend stocks churn out dividends throughout the years, thereby giving their shareholders peace of mind. That is, in good or bad times, you would be able to generate income that can be reinvested for greater returns or spent.

If you hold them long enough, they'll even pay back your investment capital in dividends alone!

### A dividend stock you can trust

**Fortis** ([TSX:FTS](#))([NYSE:FTS](#)) stock has one of the longest streaks of dividend growth on the **TSX**. Specifically, it has increased its dividend for 47 consecutive years.

The reason is simple. The regulated gas and electric utility is diversified across 10 utility operations in Canada, the United States, and the Caribbean. Approximately 99% of its assets are regulated, generating highly predictable returns.

Even during the pandemic, Fortis stock was able to keep its earnings steady and its dividend safe. In 2020, its payout ratio was sustainable at about 75%. Moreover, it kept its long-term outlook intact and aims to continue increasing its dividend by about 6% per year through 2025.

The reasonably-valued dividend stock currently yields 3.7% — a nice income when compared to the best five-year GIC rate of 1.8%. If you manage to grab the stock at a 4% yield or higher, that would be even better. In any case, once you own the stock, you can hold it forever for passive income.

### Another wonderful dividend stock to own forever!

There's room in a long-term investment portfolio to own more than one utility. Besides, **Brookfield Infrastructure Partners L.P.** ([TSX:BIP.UN](#))([NYSE:BIP](#)) provides more diversification in asset type and geography.

Other than electric and gas utility assets, [Brookfield Infrastructure](#) also owns and operates other critical infrastructure assets, including rail, toll roads, terminals, export facilities, energy infrastructure, telecom towers, data centres, etc.

It has the liberty to invest where capital is scarce at any time for the best risk-adjusted returns because its operations span North and South America, Europe, and Asia Pacific.

Since the dividend stock's inception in 2009, it has greatly outperformed its peers with annualized returns of 24%. BIP should also outperform the utility index going forward, helped by the team's operational expertise and value-investing mindset.

BIP has an ongoing capital recycling program. In 2020, it generated US\$700 million of proceeds for an after-tax rate of return of 19%! Management estimates that this year's capital recycling can deliver proceeds of about US\$2 billion.

Needless to say, BIP's results were resilient last year and it was able to maintain its dividend-growth streak. It targets to increase its cash distribution by 5-9% per year.

Right now, the dividend stock is reasonably valued and yields about 3.8%.

## The Foolish takeaway

After buying Fortis and Brookfield Infrastructure to secure nice yields, you can essentially hold them forever. During market downturns, they're likely to fall less than the market. Additionally, due to their defensiveness, quality, and track records, they should be among the first group of quality stocks to rebound after any market crash.

Both [dividend stocks](#) are fairly valued. So, if you don't own any shares, you might start a position in them to start collecting a growing passive income stream. Between the two, analysts believe BIP is a few percentage points cheaper.

### CATEGORY

1. Dividend Stocks
2. Investing
3. Stocks for Beginners

### TICKERS GLOBAL

1. NYSE:BIP (Brookfield Infrastructure Partners L.P.)
2. NYSE:FTS (Fortis Inc.)
3. TSX:BIP.UN (Brookfield Infrastructure Partners L.P.)
4. TSX:FTS (Fortis Inc.)

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