



2 Top Canadian Dividend Stocks to Buy and Hold Forever

Description

If you're looking to [beat the markets](#), you've got to be willing to be a contrarian with Canadian dividend stocks, and you've got to have a [time horizon](#) that spans years, not months.

The favourite investment time horizon of Warren Buffett and Charlie Munger, two men who've crushed the stock market consistently over the decades, is forever. Although Buffett has been in and out of stocks at a ridiculous rate in 2020, I firmly believe that investors should do as the met says, not as he does.

That means buying and holding stocks you'd be willing to hold for years, if not decades at a time. Of course, it's unrealistic to hold a stock forever. But if you've got a multi-decade time horizon, I do think it's worthwhile to consider the following great Canadian dividend stocks for the core of your Tax-Free Savings Account (TFSA).

A must-own dividend stock for cautious Canadian investors

In this kind of choppy, pandemic-plagued environment, boring is beautiful. **Hydro One** ([TSX:H](#)) is possibly the most secure bond proxy dividend stock on the entire **TSX**. The firm has a virtual monopoly over Ontario's transmission lines. Having a monopoly is both a blessing and a curse for Hydro One.

It's a blessing in that the firm's operating cash flow stream is nearly guaranteed, or at least the closest thing to a guarantee outside of the risk-free fixed-income universe. But being a monopoly comes with its downsides in that it may struggle to grow, especially in an environment that's chock-full of regulations.

With Hydro One, you're not paying up for growth: You're paying up for a bond proxy with a juicy 3.4%-yielding dividend that's capable of growing at a decent rate over the long haul. It's one of the unsexiest investments out there, but unlike bonds, it pays dividends. And at 10x earnings, I'd say Hydro One stock offers investors a value proposition that's too good to refuse.

Hydro One stock is a buy in April for those willing to hold for life.

A top long-term pick for income investors

Sticking with the theme of growing dividends, we have **Algonquin Power & Utilities** ([TSX:AQN](#))([NYSE:AQN](#)), a firm that's riding on the right side of one of the biggest secular tailwinds of the decade: renewable energy. Not only does Algonquin Power have a front-row seat to the push towards green energy, but it also has invaluable water utility assets in its portfolio.

I view Algonquin's renewable energy push as a major dividend growth lever for the firm. At the same time, its stable water utilities are a rock-solid foundation that can help solidify the firm's footing for when times get really tough.

In any case, I find the great Canadian dividend stock ridiculously undervalued after the latest pullback. Shares trade at 11.5 times earnings, with a juicy 3.9%-yielding dividend. Although the COVID-19 (coronavirus disease 2019) pandemic acted as a bump in the road for the firm and its growth plan, I ultimately believe that the firm is well positioned to rise again on the back of an economic rebound that some are already dubbing as "the roaring 2020s."

In any case, income investors ought to think about loading up on Algonquin's latest dip before its next leg up.

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2. TSX:AQN (Algonquin Power & Utilities Corp.)
3. TSX:H (Hydro One Limited)

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Date

2025/09/16

Date Created

2021/04/05

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