2 Incredible Dividend Stocks To Buy and Hold Forever

Description

When passive investors implement the buy-and-hold strategy, they're prepared to ignore the spikes and dips of the market. The primary objective is to let the money grow or compound alongside the stock market's overall growth. Historically, cautious or risk-averse investors have been successful with the approach.

However, even if you prefer minimal portfolio management, the key to financial success hinges on investment choices. The stock market is unpredictable, so you need incredible dividend stocks that can endure economic meltdowns and pay dividends consistently.

If you're eyeing the long game, the **Royal Bank of Canada** (TSX:RY)(NYSE:RY) and **BCE** (TSX:BCE)(NYSE:BCE) are the logical choices. Income investors have the confidence to invest in both companies because they are industry leaders.

Most valuable brand

There's a historical basis that shows RBC hasn't succumbed to market volatility. Canada's largest bank has proven time again that it can weather the harshest recessions or financial crisis. The global pandemic isn't an exemption.

This blue-chip stock sank to a low of $69.02 on March 23, 2020, yet finished the year at $103.54 or 50% higher. The year-to-date gain is 14.44%. Over the last 48.37 years, the total return is 5,129.90% (8.52% CAGR).

All Big Five banks in Canada boast strong track records of success, but RBC stands out among the illustrious group. The $168.83 billion bank pays a 3.65% dividend and maintains a payout ratio of less than 55%. I can name four reasons why this stock is a quality investment.

RBC offers a decent dividend yield, consistent and safe payouts, and potential dividend growth and price appreciation. Market analysts forecast the share price to climb from $118.49 to $133 (+10.9%) in the next 12 months. Furthermore, RBC is a valuable brand not only in the banking sector but the entire country.

Accelerating expansion

Canadian and American investors alike find BCE a top-notch income stock. Besides operating in a near-monopoly, the industry leader has sufficient scale to generate recurring revenue and strong free cash flow. Likewise, overall demand for telecom services is unlikely to wane. Thus, the business should keep growing for decades.

BCE is the forerunner in fibre networks, wireless home internet, and 5G network rollout in Canada. It has a two-year capital plan that should accelerate the expansion of all three segments. Its 5G network is now present in more than 150 cities or nearly 25% of the country's total population. The target in 2021 is to add fibre and wireless home internet to roughly 900,000 homes and businesses. If successful, BCE's total footprint should increase to 6.9 million.

Regarding dividends, management has raised the annual dividend by 5% or more for 13 straight years. The current share price is $58.11, while the dividend yield is a high 6.02%. The payout ratio is a bit high at 130% due to an accelerating capital spending triggered by the COVID-19 pandemic.

Save for the future

Past stock performance doesn't guarantee future performance, yet the Royal Bank of Canada and BCE attract long-term investors. Apart from familiarity and reputation, dividend consistency and business stability are the hallmarks of the two high-quality investments. Would-be investors have enough assurance they could save well for the future and secure their financial well-being.

CATEGORY

1. Bank Stocks
2. Dividend Stocks
3. Investing

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2. NYSE:RY (Royal Bank of Canada)
3. TSX:BCE (BCE Inc.)
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