



## 3 Top Canadian Dividend Aristocrats to Buy and Hold for Life

### Description

Dividend Aristocrats are a rare breed, indeed. With volatility likely to pick up heading into year's end, investors would be wise to accumulate shares of their favourite names on now and on any dips moving forward. The best Dividend Aristocrats and Kings really are gifts that keep on giving. The longer you hold them, the more they'll pay you. And that's why Canadian investors should look to hold them for life.

### Dividend Aristocrat #1: Royal Bank of Canada

Topping off the list, we have true royalty in **Royal Bank of Canada** ([TSX:RY](#))([NYSE:RY](#)). The company has been paying dividends for decades, even through the harshest of conditions. In recent years, the banks have been stuck in a consolidation channel. Canada went through a rare credit downturn, exacerbated by the coronavirus crisis. Thin net interest margins (NIMs) and rising provisions for credit losses (PCLs) were the major stories of the last two years.

Royal outperformed its peer group thanks in part to strength in its capital markets and wealth management businesses. With things (and rates) looking up moving forward, Royal Bank is in the early stages of what could be an epic bull run. It's not just higher rates and macro tailwinds that'll propel Royal, though. I suspect Royal's capital markets momentum will continue.

With shares at a fresh all-time high, the stock isn't the same steal as it used to be. With tailwinds and earnings growth on the horizon, though, investors ought to be buying while the dividend yield is still attractive at 3.7%.

While Royal is a Dividend Aristocrat that's the priciest of the batch, it may also prove to be the most undervalued, given the calibre of business you're getting.

### Dividend Aristocrat #2: Bank of Montreal

**Bank of Montreal** ([TSX:BMO](#))([NYSE:BMO](#)) took on way too much damage during the COVID crash of 2020. The stock nearly got cut in half before bouncing back with a fury. Suddenly, BMO's biggest

weakness (corporate loans to smaller businesses and exposure to the oil patch) is now seen as a source of strength, with the economy on the cusp of reopening.

Those who underestimated the bank's incredible managers were left watching BMO's incredible rally from the sidelines. Fortunately, I don't think it's [too late](#) to get in on the name, as it faces many of the same industry tailwinds as Royal Bank. BMO has made major strides in wealth management over the years, and with a lower multiple than Royal, BMO may be the Dividend Aristocrat that offers a better bang for one's buck.

The stock boasts a 3.7% yield, and I don't think its stock isn't about to slow down anytime soon.

## Dividend Aristocrat #3: CN Rail

Finally, we have **CN Rail** ([TSX:CNR](#))([NYSE:CNI](#)), an undervalued Dividend Aristocrat with a modest 1.8% yield. What the stock lacks in the size of its yield, it more than makes up for in long-term dividend growth. CN Rail is the type of dividend growth stock you should buy and hold for life, as its double-digit annualized dividend growth trajectory is capable of evolving into a staple in your future passive-income fund.

The company is in [a potential bidding war](#) with its top rival **CP Rail** for **Kansas City Southern**, in what could be the last big rail acquisition of our time. CN Rail could stand to pay well north of US\$30 billion, with a fat premium to beat CP and acquire the U.S. railway. If it wins, CN will command north-to-south moves, with access to all three major North American coasts and countries.

CN Rail stock is sliding over the proposed acquisition, which still faces regulatory scrutiny. CN's managers are serious over the deal, but I think they're just making things tougher on CP, which, I believe, will win Kansas City Southern. If such a scenario happens, CN Rail stock's recent plunge will be corrected to the upside in a hurry.

## Foolish takeaway

Each Dividend Aristocrat is a great buy right now and on any future dips. If I had to pick one now, I'd have to go with CN Rail, as I believe it'll lose the right to acquire Kansas City Southern and its stock will be in a spot to bounce back soon.

### CATEGORY

1. Coronavirus
2. Investing
3. Stocks for Beginners

### TICKERS GLOBAL

1. NYSE:BMO (Bank of Montreal)
2. NYSE:CNI (Canadian National Railway Company)
3. NYSE:RY (Royal Bank of Canada)
4. TSX:BMO (Bank Of Montreal)
5. TSX:CNR (Canadian National Railway Company)

6. 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. Coronavirus
2. Investing
3. Stocks for Beginners

## **Date**

2025/07/05

## **Date Created**

2021/04/26

## **Author**

joefrenette

default watermark

default watermark