2 Dividend Aristocrats to Buy and Sit on for Years

Description

Canadians with long-term investment horizons need not stress over picking the suitable investment for the long haul. Instead, please keep it simple and stick to Dividend Aristocrats. With these types of stocks, you're not taking significant risks in exchange for greater rewards in the future.

If the objective is to build wealth or a substantial nest egg in retirement, you can't go wrong with Dividend Aristocrats. Likewise, it doesn't matter whether your vehicle is the Registered Retirement Savings Plan (RRSP) or Tax-Free Savings Account (TFSA). Once you take a position, you can sit pretty for years. You'll have the money you need, and more, when you get to your destination.

A solid history of dividend growth

Emera (TSX:EMA) has a solid history of growing dividends. In the last 10 years, this 23-year-old diversified energy and services company's dividend-per-share growth is more than 8% CAGR. The current share price is $56.93, while the dividend offer is a generous 4.49% dividend.

The utility stock is not only a Dividend Aristocrats but a recession-proof investment. Emera generates and distributes electricity and gas to residential, commercial, and industrial customers in North America. It derives almost 65% of total earnings from the U.S. market. The Florida Electric Utility contributes the most to net income.

The business model is low risk, as Emera derives 95% of earnings from regulated operations. Its assets (electric and natural gas utilities and natural gas pipelines) are predominantly regulated. Besides the strong regulated asset base that includes growing renewable energy sources, Emera is well diversified by geographies and regulatory jurisdiction.

In a nutshell, Emera provides earnings diversity, capacity, and quality. Such characteristics are rare. Regarding dividends, management targets a 4-5% growth annually through 2022. The well will never run dry, because the rate-regulated utilities ensure stable, consistent earnings and cash flow.

Top-notch Canadian-based retailer

North West Company (TSX:NWC) should be tops on your list, because the retailer of food and everyday products has a captured the market — it could operate a near monopoly. This $1.74 billion company from Winnipeg serves customers in hard-to-reach locations and far-flung communities in Canada, Alaska, the Caribbean, and the South Pacific islands.

Over the last five years, dividends have grown by 3% CAGR annually. Meanwhile, the grocer stock's total return in the last 30.71 years is a mind-boggling 60,960.35% (23.23% CAGR). Suppose you invest today; the share price is $35.86, while the dividend yield is 4.02%.

If you go back six years, North West has never been in the red. Also, the $143.5 million net earnings for the full year 2020 (year ended January 2021) was the highest during the period. Its president and CEO Edward Kennedy said, "2020 was the most intensely active and reactive year in The North West Company's history."

Kennedy added, "We started with a great playbook and ended with completely different and unexpected outcomes, including the highest annual sales gains of any Canadian-based retailer." Furthermore, management sees unprecedented growth opportunities beyond the successes of 2020 and the post-pandemic transition year of 2021.

Dependable in volatile markets

Emera and The North West Company live up to their status as Dividend Aristocrats. Both companies have the remarkable ability to withstand economic downturns and increase dividends consistently, nonetheless. Who wouldn't want to sit back and amass a fortune before retirement?

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2. TSX:NWC (The North West Company Inc.)

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Date
2025/08/26
Date Created
2021/06/11
Author
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