



2 TSX Stocks You Can Buy and Hold Forever

Description

When you look to invest in equity markets, it's advisable to take a long-term view and benefit from compounded returns. You need to identify stocks that have solid long-term prospects with a resilient business model and robust financials. These stocks should ideally outperform the broader markets, which will allow investors to build massive wealth over time.

Further, if these companies pay you dividends and have the ability to increase payouts consistently, investors can benefit from a steady stream of passive income as well in addition to capital gains.

Let's take a look at two such [dividend-paying stocks](#) on the TSX that you can buy and hold forever.

Algonquin Power & Utilities

The shift towards clean energy solutions is gaining pace, making stocks such as **Algonquin Power & Utilities** ([TSX:AQN](#))([NYSE:AQN](#)) top bets for your portfolio right now. According to a report from the U.S. Energy Information Administration, renewables are expected to exceed all energy sources by 2050, and its share will rise to 28% from just 15% in 2018.

Algonquin derives 33% of its earnings from renewables and the rest from rate-regulated utility operations. Despite extreme weather conditions in Texas in the March quarter, AQN revenue was up a stellar 36% year over year, while adjusted EBITDA grew 17% in Q1.

The company has managed to increase its dividends at an annual rate of 10% in the last decade, making it one of the top dividend-growth stocks on the TSX. It aims to invest over \$9 billion in capital expenditures through 2025, which will increase AQN's cash-generating capacity and drive further dividend increases.

AQN stock has a tasty dividend yield of 4.5% and has also gained close to 420% in market value in the last 10 years, easily surpassing the gains of the S&P 500, which has returned 302% since July 2011.

During the company's earnings call, AQN CFO [Arthur Kacprzak stated](#), "Our Q1 financial results

continue to demonstrate the benefit from Algonquin's diversified and resilient business model, consisting of stable regulated utility services provided across 16 jurisdictions, a portfolio of long-term contracted renewable power assets and an extensive development pipeline."

Fortis

Another TSX heavyweight that has created substantial wealth for long-term investors is **Fortis** ([TSX:FTS](#))([NYSE:FTS](#)). This Canadian utility giant has increased dividends every year for 47 consecutive years, showcasing its recession-proof business model and ability to generate cash flows across economic cycles.

In the first quarter of 2021, Fortis reported net earnings of \$355 million. Its adjusted earnings per share rose to \$0.77 compared to \$0.68 in the year-ago period. The company attributed earnings growth to an increased rate base and higher earnings in Arizona.

Fortis deployed \$900 million towards capital expenditure in Q1 and confirmed it remains on track to spend \$3.8 billion in 2021.

Further, Fortis expects to spend \$19.6 billion on capex in the next five years, which will allow it to increase its mid-year rate base to \$36.4 billion by 2023 and \$40.3 billion by 2025, up from \$30.5 billion in 2020. These investments will allow Fortis to keep increasing dividend payouts for investors in the upcoming years.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:AQN (Algonquin Power & Utilities Corp.)
2. NYSE:FTS (Fortis Inc.)
3. TSX:AQN (Algonquin Power & Utilities Corp.)
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