



3 Top Dividend Stocks to Hold Forever

Description

Including dividend stocks in your portfolio is one way you can build your way to financial independence. One benefit in holding dividend stocks is that companies will pay their shareholders every quarter. This allows you to receive income that you can use to re-invest or for everyday use without having to sell shares. Dividend companies also tend to be more mature and established companies. That means those stocks may be less volatile, providing stability to your portfolio. Here are three top dividend stocks to hold forever.

One of the best dividend companies in Canada

Fortis ([TSX:FTS](#))([NYSE:FTS](#)) should be the first company that comes to mind when investors think of dividend companies. It currently holds the second-longest active [dividend-growth streak](#) at 47 years. This is a very impressive feat, when you consider all the periods of economic uncertainty that have occurred in the past five decades.

One of the things that has helped Fortis remain a consistent market beater over those years is the industry it operates in. Fortis is a provider of gas and electric utilities, which remains a necessity, regardless of what condition the economy finds itself in.

A true example of a Canadian Dividend Aristocrat, Fortis offers an attractive forward dividend yield of 3.45%. It does this while maintaining a payout ratio of 75%. Although I like to see companies keep their payout ratio under 60%, Fortis's long history of raising its dividend should be reassuring to investors.

Consider an accumulator of real assets for your portfolio

The next company that [investors should consider](#) adding to a dividend portfolio is **Brookfield Asset Management** ([TSX:BAM.A](#))([NYSE:BAM](#)). As its name suggests, Brookfield is an alternative asset management firm. The company focuses on investing in and operating real assets. This implies exposure to the real estate, infrastructure, and utility industries. What's most impressive about this company is that its subsidiaries are such well-managed companies — so much so that those

subsidiaries often feature in Canadian investment portfolios.

Another Canadian Dividend Aristocrat, Brookfield has managed to increase its dividend in each of the past nine years. Although its forward yield is only 0.91%, Brookfield's low payout ratio (0.91%) suggests that it could continue increasing that dividend for many years. Led by Bruce Flatt, who is often referred to as Canada's Warren Buffett, Brookfield Asset Management is a stock that should be on your radar.

Don't be afraid to rely on the banks

Canadians really like investing in banking companies. In fact, two of the most traded stocks in Canada can be found in this industry. The reason Canadians are so fond of the Canadian banking industry is because of its highly regulated nature. These regulations make it very difficult for new competitors to enter the industry and displace the leaders. Among the companies in that industry, my top pick is **Bank of Nova Scotia** ([TSX:BNS](#))([NYSE:BNS](#)).

Bank of Nova Scotia, also known as Scotiabank, is my top choice because of its exposure to the Pacific Alliance. This is a region which includes Chile, Columbia, Mexico, and Peru. Economists are forecasting that this region will grow much faster than the G7 countries in the coming years because of its rapidly growing middle class. If this happens, Bank of Nova Scotia shareholders could seem massive returns. This is also a top dividend stock given its 4.50% forward yield, 58% payout ratio, and 10-year dividend-growth streak.

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