



3 Dividend Stocks That Investors Should Hold for the Next Decade

Description

[Investing in dividend stocks](#) can help the everyday investor set themselves on a path towards financial independence. Indeed, the goal for many investors is to build a stock portfolio that can supplement, and eventually replace, their primary source of income. By accumulating shares of companies that pay dividends to their shareholders on a regular basis, investors can see that goal through. However, choosing the right stocks to hold for the long term isn't an easy task. Here are three dividend stocks for investors to consider!

This is the most popular industry in Canada

As popular as some growth stocks may be (e.g., **Shopify** and **Lightspeed**), the most popular stocks in Canada are actually financial companies. In fact, if you look at the most highly traded stocks on the **TSX** on any given day, you'll see that the Big Five banks are likely to be at the top of that list. The reason the Canadian banking industry is so sought after is because of its highly regulated nature. This creates an environment that makes it difficult for new competitors to displace the industry leaders.

Of the Big Five banks, my top choice has been **Bank of Nova Scotia** ([TSX:BNS](#))([NYSE:BNS](#)) for quite some time. I am particularly interested in the company's positioning within the Pacific Alliance. This not only differentiates it from its peers but also provides the company with a solid opportunity for growth in the near future. As a dividend company, Bank of Nova Scotia also intriguing. It offers investors a 4.59% forward dividend yield at a payout ratio of 50.35%.

Add a company known for increasing its dividends

If the goal is to build a dividend portfolio capable of replacing your primary source of income, then investors should look for companies that are able to increase their dividends on a regular basis. Generally, good dividend companies will increase their distribution once a year. If done over a long enough period (e.g., five years), companies that successfully do that will be listed as a Canadian Dividend Aristocrat. There are few Dividend Aristocrats in Canada more impressive than **Fortis** ([TSX:FTS](#))([NYSE:FTS](#)).

Fortis provides regulated gas and electric utilities to more than 3.4 million customers in Canada, the United States, and the Caribbean. Currently, the company holds the second-longest active dividend-growth streak at 47 years. In fact, the company is on pace to add another year to that streak after it announced a 5.7% increase for its [upcoming quarterly dividend](#). The company's payout ratio was about 50% in 2020, suggesting it still has room to continue growing its distribution in the future.

Looking for a dividend stock with growth potential?

Brookfield Asset Management (TSX:BAM.A)([NYSE:BAM](#)) is another dividend company that investors should consider adding to their portfolios. While the stock won't blow investors away for its dividend yield (0.94% as of this writing), it does provide an excellent opportunity for growth. When compared to its peers, Brookfield is an exceptional source of growth. In fact, investors that invested \$10,000 in the company in August 1995 are now looking at gains of more than \$400,000!

Brookfield has an exciting upcoming project in partnership with **Tesla**. The two companies, aim to develop North America's largest sustainable neighbourhood. If successful, this will be a massive step forward in the fight against climate change. It could also persuade more institutional investors to pour money into Brookfield. Led by its CEO Bruce Flatt, Brookfield Asset Management has always taken pride in being forward thinking and staying ahead of peers within its industry.

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