2 Dividend-Growth Stocks to Buy and Hold for Decades

Description

There are plenty of stocks to consider buying today that pay dividends. Often, companies that pay dividends are well established with businesses that have strong track records and years of potential. But there are many different types of stocks that pay dividends that you can buy, from high-yield stocks to dividend-growth picks.

And while each type of dividend stock has its own benefits and drawbacks, dividend-growth stocks are some of the best investments to buy and hold for years.

So, if you're looking to add some high-quality growth to your portfolio, here are two of the best dividend-growth stocks to buy now.

A top Canadian retail stock for long-term growth

Some dividend-growth stocks will pay a higher yield but offer you less in capital gains potential over the long haul. Others will pay less of a yield but will retain more capital to invest in growth and therefore offer more potential for capital gains. **Dollarama** (TSX:DOL) is the latter.

While the company has increased its dividend for 10 years now (every year since it began paying a dividend), putting it on the Canadian Dividend Aristocrats list, its yield today is just 0.3%. There's a good reason that the yield is so low, though, and it's because Dollarama continues to be one of the best growth stocks in Canada.

Over those 10 years, Dollarama's sales have grown by more than 160%, and its net income has grown by over 250%. This has led to investors earning a total return of more than 840% over the last decade, or a compounded annual growth rate upwards of 25%, meaning that although Dollarama's dividend is less than 1%, over the last decade, it's grown investors' capital by 25% a year.

Plus, Dollarama has an excellent business model and should continue to at least weather the stormand potentially benefit from this high-inflation environment. So, if you're looking for a high-qualitydividend-growth stock to buy now, Dollarama is one of the best.

An excellent dividend-growth stock for passive-income seekers

While Dollarama's growth is attractive, the gains it earns aren't as low risk as receiving highly safe passive income. So, there are benefits to finding higher-yield dividend-growth stocks, which may not offer as much capital gains potential.

BCE (TSX:BCE)(NYSE:BCE) is a great example. The massive telecom stock is one of the safest and most robust businesses in Canada. This means it's a lot more stable and can protect your capital better in the case of a market selloff.

BCE's long-life assets make it a massive cash cow. And although it's still growing its business, as well as its dividend, each year, it only needs to retain a small amount of its free cash flow to invest in that growth. The rest can be paid back to investors, which is why its dividend yield is roughly 5.25% today.

So, while it doesn't offer as much growth potential as a company like Dollarama, there is also no guarantee that Dollarama can achieve this growth going forward.

For many investors, it's worth it to have both high-yield and high-growth stocks in your portfolio. And most importantly, you'll want to buy these dividend-growth stocks to hold for years.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:BCE (BCE Inc.)
2. TSX:BCE (BCE Inc.)
3. TSX:DOL (Dollarama Inc.)

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Quote Media
6. Sharewise
7. Smart News
8. Yahoo CA

PP NOTIFY USER

1. danieldacosta
2. kduncombe

Category

1. Dividend Stocks
2. Investing

Date
2025/08/22
Date Created
2022/01/19
Author
danieldacosta