2 TSX Stocks With 26 Years of Dividend Growth to Buy and Hold Forever

Description

Did you get burned by the market last month, when all those high-valuation growth stocks in your portfolio tanked? Runaway inflation, faltering earnings, and the threat of multiple interest rate hikes from central banks have curbed the tech bull market we saw in 2021.

Fortunately, there are still companies out there that do well in these times. These companies have wide economic moats, solid revenues and earnings, years of consistent dividend yield increases, and they occupy oligopolistic positions in their industries.

Buying and holding one of these large-cap, blue-chip stocks and reinvesting their dividends could be an excellent defensive value play in an uncertain market environment. Let's take a look at my top two picks.

Enbridge

Enbridge (TSX:ENB)(NYSE:ENB) is Canada's largest energy infrastructure company, operating through five segments: Liquids Pipelines, Gas Transmission and Midstream, Gas Distribution and Storage, Renewable Power Generation, and Energy Services throughout North America.

Enbridge is able to maintain an incredibly strong wide moat due to its ability to secure +20-year transportation contracts with clients. As a result, its earnings, balance sheet, and cash flow remain consistently healthy. Recently, the stock has been buoyed by rising commodity prices and a resurgent energy sector.

Enbridge pays out one of the highest dividends among the TSX stocks, with a current yield of 6.58%. The five-year dividend growth sits at 11.74%, which is all the more incredible when you consider than Enbridge has posted a consecutive 26 years of dividend increases.

Canadian National Railway

Canadian National Railway (TSX:CNR)(NYSE:CNI) operates one of Canada's two main railroad networks. Its route spans 19,500 miles of track across Canada and the United States. The company also provides vessels and docks, transloading and distribution, automotive logistics, and freight forwarding and transportation management services.

Canadian National Railway has some of the best operating ratios and assets among the TSX stocks. It also operates in a duopoly, with a very strong economic moat that is virtually impossible to penetrate. The company is consistently able to improve its cash flows, margins, and earnings due to this advantage.

Canadian National Railway doesn't pay too high of a dividend, with the current yield sitting at 1.59%. However, this is affected by their higher share price, which is nearly three times that of Enbridge. More importantly, the company has a five-year dividend growth of 12.97%, which has also occurred for a consecutive 26 years.

The Foolish takeaway

Canadian dividend stocks like Enbridge and Canadian National Railway are looking more and more attractive to value-conscious investors concerned about the runaway tech and growth valuations seen in 2021.

Many Canadian investors are also worried about inflation. The good news is that the Canadian market has some of the most inflation-resistant stocks in the world, as seen with the energy and transportation sectors here.

While both stocks have respectable dividend yields, investors should focus more on their history of consecutive dividend increases. From a dividend-growth perspective, this is what really drives portfolio returns.

CATEGORY

1. Dividend Stocks
2. Investing

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1. Editor's Choice

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