2 Powerful Dividend Aristocrats to Buy and Never Let Go

Description

Different investors have different criteria for forever stocks. Investors prioritizing passive-income potential over everything else might look for companies that offer decent yields and periodically grow their dividends — i.e., high-yield aristocrats. Others might think entirely from a capital-appreciation perspective.

However, there is a prudent middle ground — Dividend Aristocrats that offer modest capital-appreciation potential and a sizeable enough yield that can be used to start a considerable passive income with enough capital at your disposal. Two aristocrats should be on your radar if that's the route you want to go.

A renewable-focused utility company

Utility stocks are considered inherently safe thanks to their business model. These companies tend to be asset-heavy, but, unlike other asset-heavy businesses like commodities and energy refineries/midstream companies, the income potential of utility companies is usually relatively consistent and reliable.

And if you choose a utility company like **Algonquin Power & Utilities** (TSX:AQN)(NYSE:AQN), you can take that perceived "safety" a step further.

First off, Algonquin has a robust utility/regulated services portfolio. The company has over a million connections in the U.S., Canada, Bermuda, and Chile. These connections include electricity, natural gas, water, and wastewater. The asset base supporting this consumer base is quite massive as well, and the company is expecting a sizeable growth in the numbers (over 20%) in the coming years.

But what makes Algonquin even more of a long-term or even a forever holding is its focus on renewable power sources, which shows that the company, which already has the requisite infrastructure on hand, is well positioned for a green future.

The stock offers a healthy combination of growth potential and dividends. It returned almost 180% to its investors in the last decade and is currently offering a healthy yield of about 3.84%.

A life insurance company

Canada is home to many insurance giants, and even though **Sun Life Financial** (TSX:SLF)(NYSE:SLF) doesn't top the charts in terms of magnitude, reach, or market cap, it's one of the giants. It's a massive entity with a remarkable presence (both nationally and internationally), stable financials, and decent capital-appreciation potential.

Even though it is still a life insurance company, a larger portion of its 2021 revenue (51%) came from its wealth and asset management services. This diversified revenue stream is an additional feather in the company's cap as it gives the company a strong position compared to a typical insurance company that primarily relies on premiums and new policies for revenue.

It's also quite different from other insurance companies in Canada regarding its return potential. Sun Life stock has risen 177% in the last 10 years alone. And even though a relatively high growth usually means lower yield, the 4.15% of Sun Life is far from paltry.

Foolish takeaway

Another important fact to take into account is both dividend stocks are also aristocrats, so the payouts will most likely keep growing in the future and will stay well ahead of the inflation, which is a vital trait for a passive-income source. The growth/capital-appreciation potential will ensure that the part of your net worth that's tied to the two companies will also keep growing at a decent pace.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:AQN (Algonquin Power & Utilities Corp.)
2. TSX:AQN (Algonquin Power & Utilities Corp.)
3. TSX:SLF (Sun Life Financial 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. adamothman
2. kduncombe

Category

1. Dividend Stocks
2. Investing

Date
2025/06/29
Date Created
2022/05/11
Author
adamothman