2 Dividend-Growth Stocks to Buy and Hold Forever

Description

It's seldom practical to hold on to a stock forever. If you find a dividend-paying stock that can provide decent returns over a lengthy period of time, though, it can make sense to hold for decades at a time. Undoubtedly, dividend stocks that can grow their payouts gradually over time will get more bountiful with time. Such high-yield dividend stocks that have the means to grow are among the best plays to keep as permanent holdings within a TFSA or RSSP retirement fund.

With all the technological disruption going on, a wide moat today may not be nearly as wide in a few years down the road. That's why one must stay in the know about a company, well after they've purchased shares. The last thing investors want is to be caught on the receiving end once a firm loses its moat.

In this piece, we'll have a look at two wide-moat Canadian dividend stocks that would be great mainstay holdings in your portfolios. Though their dividends may not boast the largest yields, they are in shape to grow at an above-average rate over time. For those seeking stocks to hold forever, it's these dividend growers that are really hard to pass on, especially after a turbulent start to 2022.

Consider **CN Rail** (TSX:CNR)(NYSE:CNI) and **North West Company** (TSX:NWC), which boast dividend yields of 2% and 4.2%, respectively, at writing.

CN Rail

Even if you don't own CNR shares outright, you're probably exposed via a Canadian index or mutual fund. It's a magnificent core holding, and after slipping more than 17% from peak to trough, long-term dividend-growth investors ought to be thinking about topping up their exposure.

CN Rail has a wide moat that's been time tested. Though rivalry with other railways could intensify, CN looks poised to continue generating impressive amounts of economic profits, regardless of the macro environment. Though a recession is bound to hit an economically sensitive firm like CN, the stock doesn't tend to get hit as hard when a market crash strikes. Indeed, CNR was a relative outperformer during the market crash of 2008.

Looking ahead, it's hard to imagine that commodity prices will plunge. That means more business for CN and its peers. With a new CEO, Tracy Robinson, looking to drive for positive change, I'd not be afraid to top up on the $100 billion behemoth at around $145 and change per share. With a track record of annual dividend growth through thick and thin, CN Rail looks like a great buy.

North West Company

North West Company is a lesser-known Canadian retailer that serves remote communities in the great northwest. Serving such rural areas can get expensive, especially given how high transportation costs have gotten due to inflation.

Shares of the name plunged as low as 15% following a tough quarterly result. At $35 and change per share, the stock trades at around 11.3 times trailing earnings — not at all cheap for a firm that has the means to hike its payout.

Indeed, the stock has been quite stagnant in recent years but could get going again, as the economy tips into recession. The $1.7 billion firm has more than its fair share of challenges, but with a decent management team, I think it can make it through.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:CNI (Canadian National Railway Company)
2. TSX:CNR (Canadian National Railway Company)
3. TSX:NWC (The North West Company 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. joefrenette
2. kduncombe

Category

1. Dividend Stocks
2. Investing

Date
2025/07/04
Date Created
2022/06/01
Author
joefrenette