



## Have \$1,000? 2 All-Weather Dividend Stocks to Buy and Hold Forever

### Description

The shake up in the market from a looming recession has driven some investors to stay on the sidelines. Some stocks have obviously held up better than others. If you have an extra \$1,000, you can consider these all-weather [dividend stocks](#) that have been relatively resilient and are excellent defensive buy-and-hold candidates.

### A solid utility stock paying out growing dividends

Interested investors can buy **Brookfield Infrastructure Partners** ([TSX:BIP.UN](#))([NYSE:BIP](#)), which pays out cash distributions or the corporation version that pays out dividends. The latter trades under the ticker BIPC on the **TSX** and **NYSE** and tends to trade at a premium to its limited partnership counterpart. At the market close of Friday, BIPC traded at a premium of 11% on both exchanges.

Regardless, the business is a quality one. The dividend stock has started paying an increasing dividend since 2008. It can be a little confusing to look at its cash-distribution history on the corporate website because the stock has made a number of stock splits along the way, which increased the number of shares for long-term stockholders (and lowered the stock price at the time) and one of which spun off the corporation shares.

For reference, its 10-year dividend-growth rate is about 9.9%, while its most recent increase was 5.88% in Q1 2022. Management is devoted to increasing the cash distribution by 5-9% per year, supported by corresponding funds from operations (FFO) growth. Consequently, BIP targets to maintain a healthy FFO payout of 60-70%.

BIP's cash flows benefit from high inflation because approximately 70% of its cash flows are indexed to inflation. Moreover, since roughly 90% of its cash flows are regulated or contracted, it generates quality cash flow. It's a global investor and operator of fabulous cash-cow assets with high barriers to entry. Its focus is on utilities, transport, midstream, and data infrastructure assets.

TSX:BIP.UN is about 13% below its 52-week high and currently yields close to 3.8%. 12 analysts have a 12-month consensus price target of about US\$46.90 on the stock, which represents a discount of

over 18%. Assuming no valuation expansion, estimated annualized returns can be about 9-13%.

## TELUS is another defensive dividend stock

**TELUS** ([TSX:T](#))([NYSE:TU](#)) is another all-weather dividend stock you can trust. It has paid increasing dividends for about 18 years. Like BIP, the big Canadian telecom enjoys quality cash flows. Specifically, a meaningful portion of TELUS's revenues are recurring, from its TV, internet, and data plan subscriptions.

Changes in the economic health has little impact on its profits, because people can't live without their internet and mobile phones. TELUS will also benefit from an increasing population in the geographies it serves. Primarily, the telecom operates in Alberta and British Columbia.

The dividend stock's recent payout ratio was 64% of earnings. It also has a reserve of retained earnings that can cover close to four years of dividend payments. Importantly, TELUS's earnings are expected to grow at a double-digit rate, which should lead to continued dividend growth.

For reference, the telecom stock's 10-year dividend-growth rate is 8.7%, while its one-year growth rate is about 7.3%. It currently offers a competitive yield of almost 4.7%.

The defensive stock is down about 17% from its 52-week high and trades at a discount of roughly 15%.

### CATEGORY

1. Dividend Stocks
2. Investing

### TICKERS GLOBAL

1. NYSE:BIP (Brookfield Infrastructure Partners L.P.)
2. NYSE:TU (TELUS)
3. TSX:BIP.UN (Brookfield Infrastructure Partners L.P.)
4. TSX:T (TELUS)

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kayng

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