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

Description

We aim for higher returns by investing in stocks. Besides capital appreciation, corporations tend to enhance their shareholders' value through regular dividend payments and hikes.

This is important, as dividend income enhances your overall financial position. Moreover, investors can reinvest the dividends in the same stock, which eventually improves the overall returns in the long term. Above all, a company with a solid track record of dividend payment is usually well established, is much more stable, has strong earnings potential, and is relatively less volatile.

So, if you have $1,000, here are two all-weather dividend stocks to buy and hold forever.

Fortis

Fortis (TSX:FTS)(NYSE:FTS), with its 48 years of consecutive dividend increases, is a safe stock to invest in amid all market conditions. While Fortis has a solid track record of dividend payment and growth, the company is confident in enhancing its shareholders' value further through dividend increases in the coming years.

It's worth mentioning that Fortis expects to grow its annual dividend by 6% through 2025. The increased visibility over the future payouts is a positive. Investors now know that by investing in Fortis stock, they could earn a passive income which would increase by about 6% per year through 2025.

Fortis's payout is safe and well protected. It operates a low-risk utility business underpinned by rate-regulated assets that generate predictable cash flows. Thanks to its conservative business mix, Fortis's cash flows remain relatively immune to economic cycles, making it a solid stock to rely on for the long term.

Fortis's future earnings are likely to benefit from its growing rate base. Its $20 billion capital plan will help drive the low-risk rate base at a CAGR (compound annual growth rate) of 6% through 2026. Meanwhile, Fortis continues to pursue energy infrastructure investments to boost its renewable power generation capabilities, which bodes well for growth.

All in all, Fortis is a high-quality stock for income investors that is yielding over 3.5% at current price levels.

Enbridge

Like Fortis, **Enbridge** (TSX:ENB)(NYSE:ENB) is also a Dividend Aristocrat (increased dividend for five consecutive years or more). Enbridge owns well-diversified energy infrastructure assets that generate stellar distributable cash flows to support higher dividend payments.

For context, Enbridge increased its dividend at a CAGR of 10% in the last 27 years. Meanwhile, tailwinds from solid energy demand, its 40 diverse cash flow streams, inflation-protected EBITDA, and contractual framework that reduce price and volume risks bode well for future dividend growth.

Further, Enbridge's two-pronged growth strategy, including expanding its existing conventional pipeline and investing in low-carbon opportunities, provides a multi-year growth platform. Enbridge will likely benefit from new assets placed into service this year. Moreover, solid backlogs and newly sanctioned growth projects augur well for future earnings and dividend payments.

Investors can earn a solid dividend yield of about 6% by investing in Enbridge stock. Moreover, its dividend payout ratio of 60-70% of distributable cash flows is sustainable in the long term.

Bottom line

The strong dividend payment history of these companies highlights the strength and resiliency of their business and makes them all-weather dividend stocks. Moreover, their multiple growth catalysts and visibility over future cash flows are positives.

CATEGORY

1. Dividend Stocks
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3. TSX:ENB (Enbridge Inc.)
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