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

Description

An investment is risky when there’s a potential to make profits or lose money. It holds true for stocks, because prices rise and fall depending on market conditions or economic environment. As of August 12, 2022, the **TSX** is still losing by nearly 5% year to date, despite closing above the 20,000 level for the first time since June 10, 2022.

The market is full of uncertainties due to several factors, but the most prominent is rising inflation. Because a recession looms if central banks continue with their aggressive rate hikes, investors need protection from a possible bear market or correction.

Investor-friendly big bank

Big bank stocks, including **Bank of Montreal** (TSX:BMO)(NYSE: BMO), led the broad-based rally on Friday. The shares of Canada’s oldest and fourth-largest bank advanced 1.83% to finish the week at $132.70 per share. With the strong one-day gain, BMO is back in positive territory (+0.38% year to date).

The $89.5 billion financial institution is the most investor-friendly, blue-chip stock on the TSX. BMO is the dividend pioneer, no less. It was the first Canadian company to ever share a portion of profits with shareholders through dividends. The dividend track record is 193 years and counting. If you invest today, the dividend offer is 4.19%.

Slowing economic growth and higher credit risk are threats to the banking sector because they could drive earnings and share prices lower. Nevertheless, BMO should recover like it did in the past. In the 2020 COVID year, the stock plunged to as low as $52.21 but still closed the year at $90.62.

BMO is time-tested and has shown its resiliency amid weather downturns. A new growth catalyst is coming with the proposed merger of BMO Harris and Bank of the West in America. According to David Casper, BMO Financial Group’s chief executive officer (CEO) in the U.S., it’s a very, very big deal for the bank.

Casper said, “This gives us an opportunity to be on the West Coast in a way that we’ve never been before.” Assuming BMO obtains regulatory approval by year-end 2022, the Canadian bank will gain more than 500 branches in key and upscale U.S. markets.

Defensive all-star

Fortis (TSX:FTS)(NYSE:FTS) in the utility sector is a defensive all-star for its bond-like features. While the share price could spike and dip from time to time, the dividend payouts should be safe for years on end. The top-tier stock has raised its dividend for 48 consecutive years. It will earn Dividend King status if it raises dividends this year and in 2023.

The $28.85 billion regulated electric and gas utility is almost sure to achieve the feat. According to management, the rate base should grow to $41.6 billion by 2026 with its new $20 billion capital plan. Thus, the plan to raise dividends by 6% annually through 2025 is doable. If you invest today, the share price is $60.27, while the dividend yield is 3.54%.

All-weather dividend stocks

Canadian investors can seek safety in two all-weather dividend stocks when market volatility is high. Even if the share prices of BMO and Fortis declines, you won’t sit on pins and needles. The dividend payments should be rock steady. If you have $1,000 to invest today, buy both stocks and hold them forever.

CATEGORY

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2. Investing

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2. NYSE:FTS (Fortis Inc.)
3. TSX:BMO (Bank Of Montreal)
4. TSX:FTS (Fortis Inc.)

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