3 High-Yield Dividend Stocks to Buy and Hold Forever

Description

Canadian investors, whether young and old, can protect their portfolios from market movements or corrections by limiting holdings to blue-chip stocks. **Bank of Nova Scotia** (TSX:BNS)(NYSE:BNS), or Scotiabank, in the financial sector is a solid choice.

Other investors will add **Canadian Natural Resources** (TSX:CNQ)(NYSE:CNQ) and **Emera** (TSX:EMA) to form a formidable income-generating portfolio. The common denominator of these dividend stocks is their high yields. However, the best part is that you can buy all of three today and hold forever.

Scotiabank has a sterling dividend track record of 190 years, while the energy stock and regulated utility company boasts dividend-growth streaks of 21 and 15 consecutive years, respectively. You can sleep easy because the companies can endure headwinds, including economic downturns and market noise.

Ever-reliable big bank

Canada's Big Five banks are known as the most reliable income stocks globally. Scotiabank is the country's third-largest lender with its market capitalization of $96.8 billion. The current share price is $81.12, while the dividend yield is 5.13%. BNS the top pick in the banking sector because the yield is the highest versus its peers.

The dividend hike in 44 years over the last 46 years should give you the confidence to invest. Scotiabank has been through the worst crises, including the financial meltdown in 2008 and the pandemic-induced market selloff in 2020. Today, runaway inflation is the enemy.

Scotia Economics predicts inflation to peak in late summer before it gradually descends to 3.6% next year. In the meantime, it would be wise to put your money to work via dividend investing. A $25,000 position in BNS will produce $320.63 every quarter. However, if you won't touch the principal and dividends for 20 years, your money will grow to $67,994.42.

Massive profit growth

Canadian Natural Resources benefits from the favourable commodity pricing environment. Like most energy stocks, CNQ (+34.81%) is outperforming the broader market (-4.91%) year to date. Current investors also enjoy an attractive 4.17% dividend. The overall return should be higher, as market analysts forecast a 30.5% price appreciation in 12 months (from $70.64 to $92.15).

In the second quarter (Q2) of 2022, the $81.54 billion oil and gas producer reported $3.1 billion in profits, which represents a 125% increase from Q2 2021. Because of higher crude prices during the quarter, cash flow from operations climbed 103.4% year over year to $5.9 billion.

Regulated utility assets

Like BNS and CNQ, Emera is an ideal holding for the long haul. The balance sheet of this $16.38 billion energy and services company should remain strong for year given its revenue sources. Cash flows are predictable because of the regulated high-quality utility assets. In the first half of 2022, adjusted net income increased 4.7% to $390 million versus Q2 2021.

Scott Balfour, Emera's president and chief executive officer Scott Balfour said, "Our portfolio of high-quality regulated assets continues to deliver solid performance and predictable earnings growth." If you invest today in the utility stock ($61.63 per share) today, the dividend yield is 4.30%. Its $1.1 billion capital plan in 2022 should support future dividend increases.

Safe dividends

Income investors should have no worries owning BNS, CNQ, or EMA forever. Dividend safety won't be an issue, as the payouts are likely to increase, not decrease, in the years ahead.

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2. NYSE:CNQ (Canadian Natural Resources)
3. TSX:BNS (Bank Of Nova Scotia)
4. TSX:CNQ (Canadian Natural Resources Limited)
5. TSX:EMA (Emera Incorporated)

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cliew