Beginners: Buy These 3 Canadian Dividend Stocks and Hold Forever

Description

One can harness the power of compounding by starting to invest early in their career. Although the equity markets have been volatile this year, long-term investors should not be worried about these short-term fluctuations. Meanwhile, investors should utilize the correction to accumulate stocks with solid fundamentals. Meanwhile, here are three dividend stocks you can buy and hold forever.

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Canadian Utilities

Canadian Utilities (TSX:CU), which is involved in the transmission and distribution of natural gas and electricity, has a solid track record of raising dividends. It has increased dividends uninterruptedly for the last 50 years, the longest Canadian public company to do so. The company's cash flows are primarily predictable, as a substantial percentage of its cash flows come from regulated utility businesses. The company has invested $557 million this year, with 83% on regulated utilities.

Given its inflation-indexed assets, the company could easily pass on higher expenses to its customers. Further, Canadian Utilities is raising its rate base at a CAGR (compounded annual growth rate) of 2% through 2023. So, the expansion of the rate base, favourable price revisions, and solid underlying businesses could drive its growth, thus allowing the company to maintain its dividend growth. Currently, the dividend yield for the next 12 months stands at 4.32%, while its NTM (next 12-month) price-to-earnings multiple is at 17.9.

Enbridge

Enbridge (TSX:ENB)(NYSE:ENB) has been paying a dividend for the last 67 years while raising it at a CAGR of around 10% since 1995. The midstream energy company earns approximately 98% of its adjusted EBITDA (earnings before interest, taxes, depreciation, and amortization) from long-term contracts. Also, 80% of its adjusted EBITDA is inflation indexed, which is encouraging.

Further, Enbridge continues to expand its midstream and renewable energy assets and has planned to invest around $13 billion through 2026. It has already spent about $3 billion in the first two quarters. Its balance sheet also looks healthy, with a liquidity of $6.9 billion. So, its dividend is safe.

Enbridge currently pays a quarterly dividend of $0.86/share, with its yield for the next 12 months at 6.23%. So, given its high dividend yield, stable cash flows, and attractive NTM price-to-earnings multiple of 18.1, I am bullish on Enbridge.

BCE

BCE (TSX:BCE)(NYSE:BCE) is another excellent stock to add to your portfolio, as the telecommunication space continues to grow amid digitization and increasing penetration of internet services. The advent of 5G has created a long-term growth potential for telecommunication services.

Meanwhile, BCE recently launched 5G+ mobile services in Toronto and some parts of southern Ontario. It expects to provide the service to 40% of the Canadian population this year. The company's new high-speed broadband and Fibe TV services could expand its customer base in the coming quarters. The easing of restrictions could drive its revenue from the media segment and roaming revenue. So, BCE is well positioned to continue paying its dividend at a healthy rate.

Its dividend yield for the next 12 months currently stands at a healthy 5.6%. Also, the company has raised its dividend by over 5% yearly for the last 14 years. Considering all these factors, I believe BCE is an excellent buy for beginners.

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