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

Description

Utility stocks are viewed as stable investments because demand for these services, including electricity, water, and natural gas distribution, remains steady across market cycles. The rates charged by utility companies for their services are either regulated (approved by governments) or backed by long-term contracts, resulting in predictable earnings.

A steady earnings base also allows utility stocks to pay investors a dividend with generous yields. An enviable combination of reliable profits and consistent earnings expansion positions utility stocks as top bets for investors with a lower risk profile.

I've identified two **TSX** utility stocks that income-seeking investors can buy and hold forever.

Canadian Utilities

A globally diversified company, **Canadian Utilities** (TSX:CU) offers solutions in utilities, retail energy, and energy infrastructure. With an asset base of $21.1 billion, the company generated $3.5 billion in revenue and $586 million in adjusted earnings in 2021. It also spent $1.2 billion in capital expenditures which expanded its base of cash-generating assets.

CU has the longest track record of annual dividend increases among Canadian publicly traded companies. It has increased dividends for 50 consecutive years, showcasing a resilient business model.

Investors are paid annual dividends of $1.78 per share, indicating an attractive forward yield of 4.4%. In 1992, Canadian Utilities paid investors annual dividends of $0.35 per share, increasing payouts by 5.6% annually over the last 30 years. Since September 1992, Canadian Utilities has returned 587% to investors. After adjusting for dividends, total returns are closer to 1,900%.

The utility giant has grown its rate base to $14.5 billion. Between 2022 and 2024, it expects to invest $3.5 billion in regulated utility and commercially secured energy infrastructure projects.

In Q2, Canadian Utilities invested $294 million in capital expenditure, of which 93% was allocated towards regulated utilities and the rest to energy infrastructure.

Fortis Inc.

Another Canadian utility heavyweight, **Fortis** (TSX:FTS)(NYSE:FTS) has increased its assets from $390 million in 1987 to over $60 billion in 2021. Its affiliate companies include ten electric and gas operators that serve three million customers in North America.

Fortis has increased dividends for 48 consecutive years and currently offers investors an attractive forward yield of 3.64%. Its dividends increased from $1.20 per share in 2012 to $2.05 per share in 2021. Fortis also aims to increase dividends by 6% through 2025.

Fortis has allocated $4 billion towards capital expenditures in 2022 and spent $1.9 billion in the first two quarters of this year. In July, the Midwest Independent System Operator (MISO) board approved the first tranche of projects associated with a long-range transmission plan. Total associated costs for the project are estimated at US$10 billion, and Fortis has allocated around $20 billion towards Capex in the next five years.

The Foolish takeaway

Canadian Utilities and Fortis are blue-chip Canadian stocks with a recession-resistant business model. The stable, growing dividend yields and low beta associated with these utility stalwarts make them attractive bets for income-seeking investors.

An investment of $5,000 in each of these two stocks allows investors to generate $400 in annual dividend payments. These payouts should keep increasing each year due to earnings expansion and the companies' stellar dividend growth histories.

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