



3 TSX Stocks I Will “Never” Sell

Description

Stocks are risky investments versus other asset classes. However, they can also deliver higher returns. The hard part for new investors is buying the right stocks at good prices.

Dividend investing can make your investing process much simpler. Anyway, dividends make up a good portion of total returns of the stock market. Billions of dollars of dividends are up for grabs. Why not get your share as well?

The following dividend stocks have lower risk and tend to grow stably over the long run. You can choose to buy them at good valuations and never sell.

Personally, I will never sell these three **TSX** stocks. Instead, I'll aim to buy more shares opportunistically. Using **iShares S&P/TSX 60 Index ETF** as a market proxy, these [dividend stocks](#) have beaten the Canadian market total return of 8.65% annually over the last decade.

TELUS stock

TELUS ([TSX:T](#))([NYSE:TU](#)) earns stable cash flows from its mobile, internet, and TV subscribers. On top of these traditional businesses, it experiences high growth from **TELUS International** and other tech service businesses in virtual healthcare and agriculture. TELUS International provides IT services outsourcing and consulting and contributes a meaningful proportion — about 15% of TELUS's revenue.

At \$29.47 per share, the telecom stock offers a yield of 4.6% on a sustainable trailing 12-month (TTM) payout ratio of approximately 61%. Analysts think TELUS stock is discounted by about 14% at this level.

Over the last decade, the dividend stock has delivered total returns of 11.35% per year. In this period, its dividends contributed to over 40% of its returns, while price appreciation contributed less than 60%. It beat the market by 2.70% in the decade. This extra return may not seem much, but over 30 years, an initial investment of \$10,000 would return an extra \$22,238.90!

TD stock

As a leading big Canadian bank, **Toronto-Dominion Bank** ([TSX:TD](#))([NYSE:TD](#)) makes good earnings through economic cycles. In the last 10 years, it has increased its adjusted earnings per share (EPS) at a compound annual growth rate (CAGR) of 8.78%, which aligns with its medium-term goal to grow its adjusted EPS by 7-10% per year.

The bank passed the milestone of an annual net income of \$14 billion last fiscal year. Its TTM payout ratio is 41%, which is comfortably at the low end of the normal range of 40-50%. At writing, the [bank stock](#) yields 4.0%.

Even during market downturns, TD stock still provides a stable return from its decent dividend. During temporary setbacks on its stock price during bear markets, investors should consider backing up the truck.

Overall, TD stock has delivered total returns of 12.23% per year over the last decade. In other words, it beat the market by 3.58% per year. (This outperformance would lead to an extra \$28,726.14 over three decades.) In the decade, its dividends contributed to about a third of its total returns, while price gains contributed to two-thirds.

Brookfield Infrastructure

TELUS and TD stocks' long-term returns were respectable. Over the last 10 years, **Brookfield Infrastructure Partners** ([TSX:BIP.UN](#))([NYSE:BIP](#)) stock has been even more impressive. It has delivered total returns of 20.71% per year! In other words, the dividend return was a CAGR of 5.64% and price appreciation delivered a CAGR of 15.07%. It beat the market by 12.06% in the period.

The infrastructure business has countless acquisition opportunities to choose from through economic cycles because of its diversified and global nature. It can invest in areas that are most strapped for cash for the best risk-adjusted returns. This advantage is reflected in its magnificent outperformance versus the market.

I'd look to add to these positions on meaningful dips. Low-risk, [passive](#) investors should seek to do the same.

CATEGORY

1. Investing
2. Stocks for Beginners

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1. NYSE:BIP (Brookfield Infrastructure Partners L.P.)
2. NYSE:TD (The Toronto-Dominion Bank)
3. NYSE:TU (TELUS)
4. TSX:BIP.UN (Brookfield Infrastructure Partners L.P.)
5. TSX:T (TELUS)

6. TSX:TD (The Toronto-Dominion Bank)

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