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

Description

The economy isn't looking all that good right now. Inflation was still high at 7% last month, which is far from the central bank's target of about 2%. The Bank of Canada is increasing interest rates to slow down inflation. Rising interest rates will dampen consumer spending and business growth.

If you have an extra $1,000 after building an emergency fund that covers at least three to six months of living expenses, you can consider putting it in all-weather dividend stocks that you can pretty much buy and hold forever. Here are two TSX stock ideas you should have on your radar.

An all-weather dividend stock for big income

BCE (TSX:BCE)(NYSE:BCE) stock could be a core holding in any diversified investment portfolio. It's the biggest of the Big Three Canadian telecoms. Its high-speed internet is accessible to approximately 75% of Canada's population. A rising population, including from immigration, should benefit BCE.

BCE has been investing more heavily in its network in the last couple of years. After this, it should free up more capital to generate more substantial free cash flow that can contribute to secure dividend growth.

For reference, BCE stock's 10-year dividend-growth rate is 5.5% per year. Currently, the blue-chip stock offers a temptingly attractive dividend yield of almost 6%. Assuming it's able to raise its dividend by 5% annually going forward, the approximated long-term returns would be about 11% annually. This would be a nice return in the resilient stock.

Greg Newman from Scotia Capital picked BCE as one of his top picks on *BNN* this month:

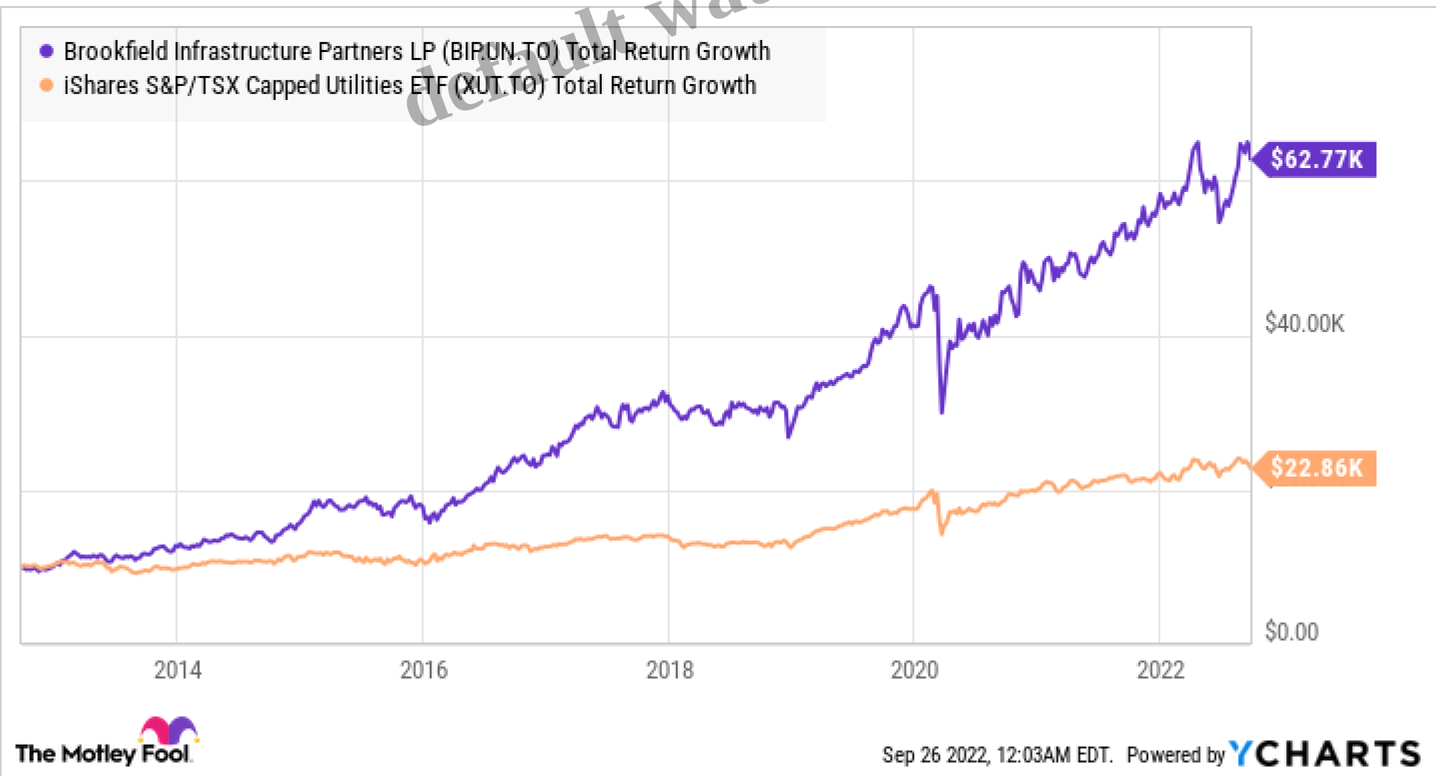
> "Steady eddy with a beautiful dividend, and our favourite at this time. A good stock to ownin this environment. Of the Big Three, BCE is most evolved in fibre to the home, and theydid it when interest rates were low. Maintenance [capital expenditure] will be pretty light.BCE stock could see valuation upgrade."

Brookfield Infrastructure stock: Buy on weakness

Brookfield Infrastructure Partners (TSX:BIP.UN)(NYSE:BIP) gets a boost from high inflation, as approximately 70% of its funds from operations are tied to inflation escalations. It also enjoys growth from capital projects across its diversified portfolio of quality and long-term infrastructure assets.

For example, it has about US$2.3 billion of capital primarily for a petrochemical complex that's expected to be in service by the end of the year. It also has US$920 million and US$500 million of planned investments for its transport segment and data segments, respectively, which are expected to generate rates of returns that align with management's target of 12-15%.

BIP stock trades at a discount of about 15%, which isn't huge. However, the quality utility stock tends to outperform the market and its peers. Therefore, it's the perfect all-weather dividend stock to accumulate on weakness and hold forever. At $53.81 per unit, it offers a cash distribution yield of 3.6%.



BIP.UN and XUT Total Return Level data by YCharts

The above graph shows how well an initial investment of $10,000 has done in the last 10 years in Brookfield Infrastructure stock versus a Canadian utility exchange-traded fund — **iShares S&P/TSX Capped Utilities Index ETF** — as a proxy. The low-risk utility stock more than tripled investors' money in the period.

CATEGORY

1. Investing
2. Stocks for Beginners

TICKERS GLOBAL

1. NYSE:BCE (BCE Inc.)
2. NYSE:BIP (Brookfield Infrastructure Partners L.P.)
3. TSX:BCE (BCE Inc.)
4. TSX:BIP.UN (Brookfield Infrastructure Partners L.P.)

PARTNER-FEEDS

1. Business Insider
2. Flipboard
3. Koyfin
4. Msn
5. Newscred
6. Quote Media
7. Sharewise
8. Smart News
9. Yahoo CA

PP NOTIFY USER

1. kayng
2. kduncombe

Category

1. Investing
2. Stocks for Beginners

Date
2025/08/13
Date Created
2022/10/01
Author
kayng