3 Buy-and-Hold Dividend Stocks With Enormous Long-Term Potential

Description

Want a gift that keeps on giving years and even decades after the holidays? Instead of that 70-inch television or new kitchen appliance, why not consider some top **TSX** dividend stocks?

Collect monthly or quarterly passive dividend income and also the potential to grow your capital over long periods of time.

If you are looking for dividend stocks that could pay you over a lifetime, here are three that ought to be on your holiday wish list today.

A small-cap dividend stock with good growth ahead

Small-cap stocks are a great place to invest for dividends and growth if you have a long time horizon. One of my favourites in this segment is **Calian Group** (TSX:CGY). It trades with a market cap of $718 million. CGY earns a 1.8% dividend yield right now.

While its dividend may be low, Calian is positioned as a steady growth company. The company is a conglomerate of businesses focused on training, healthcare, advanced technologies, and cybersecurity. Some of its largest customers include the Canadian military, NATO, and the European Space Agency.

For the past five years, revenues and normalized earnings have grown by compounded annual rates of 16% and 23%, respectively. Calian just finished another record fiscal year. While revenues only rose 12% to $582 million, adjusted net profit was up 18% to $44 million.

The company has a robust project backlog, strong cash-rich balance sheet, and diversified mix of products and services. At only 14 times earnings, its valuation does not reflect its strong fundamentals, which makes it a great buy today.

A mid-cap stock with an excellent track record

goeasy (TSX:GSY) is one of Canada's largest non-prime lenders. Many large banks have abandoned this market segment while goeasy has been consolidating market share. Today, it has a market cap of $2 billion and pays a 3% dividend.

Over the past 10 years, this dividend payer has earned shareholders a very strong 35% average annual return (or 2,010% in total). GSY has been a top-performing stock on the TSX.

The lending business can be economically sensitive, so there are some near-term risks. Despite economic fears, the company continues to perform well. The easy lender had record loan originations in its recent third quarter while adjusted earnings per share rose 9% to a record of $2.95.

goeasy still has significant opportunities to grow by service vertical and breadth. GSY has been volatile but could outperform in the long term. This dividend stock is pretty cheap with a price-to-earnings ratio of only nine.

A large-cap dividend stock for stability and growth

Brookfield Infrastructure Partners (TSX:BIP.UN) has been fondly called a "grow-tility" in the past. With a market cap of $24 billion, it pays a 3.85% dividend today.

The company operates very defensive businesses across the energy, utility, transportation, and data sectors. Baseline revenues for these businesses are highly contracted and/or regulated. Moreover, over 70% of its earnings are linked to inflation. With a large capital backlog, it has solid opportunities to grow organically by high single-digits.

Since 2012, this dividend stock has earned investors a 15% average annual return (or over 300% in total). Brookfield has a robust balance sheet, so it can be opportunistic if assets become cheap in a possible recession. For a combination of safety, income, and foreseeable growth, this is a top stock to hold for the years and decades ahead.

CATEGORY

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2. TSX:CGY (Calian Group Ltd.)
3. TSX:GSY (goeasy Ltd.)

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