



3 Dividend Stocks You Can Safely Hold for Decades

Description

It has been a very challenging year for dividend stocks. Income stocks were once thought to be a [safe](#) asset class. However, many top dividend stocks have been battered over worries of rising interest rates and a weakening economy.

If you find yourself worrying a lot about your stock portfolio and the current macroeconomic environment, it might be time to extend your investment horizon.

The less you do, the better the results over the long term

I recently read an interesting article by [Morningstar](#). It described how studies have indicated that retail investors that hardly tamper with their portfolios can significantly outperform institutions or even the indexes given a long period of time.

While it feels counterintuitive, the less you do, the better when investing. Forget timing the market. Simple time in the market (and then doing nothing) can actually help you beat notable, experienced investors.

If you don't mind investing for years and even decades, here are three dividend stocks to consider holding.

Assets that could last a lifetime

When I think of decades-long businesses, one of the first that comes to mind is **Brookfield Infrastructure Partners** ([TSX:BIP.UN](#)). Its assets form the core skeleton of modern society. Think of [utilities](#), ports, data centres, cell towers, pipelines, and railroads. Brookfield owns businesses in all these assets.

I like this dividend stock for its contrarian investment mentality. It buys businesses when the market and the economy are weak (like the present), and it sells them at big profits when the cycle recovers. It

did this in 2009 and in 2020.

In the meantime, the assets it owns are world class. They are highly contracted and are structured to benefit from inflation. Brookfield Infrastructure stock is down 12% this year. Its [valuation](#) is attractive here, and you also pick up a 4.1% dividend yield today.

A small dividend, but big growth ahead for this stock

Another dividend stock one could envision being around for decades to come is **Canadian Pacific Railway (TSX:CP)**. CP only pays a tiny dividend of 0.7% right now. However, it has done a wonderful job of compounding returns by an impressive 18.4% annual rate.

While CP is one of the smallest North American railroads, it is set to become much larger after it is allowed to take over the operations of Kansas City Southern Railway. In fact, CP would have the only rail network that spans Canada, the U.S., and Mexico.

This could provide a new leg of growth for CP. If the acquisition is successful, chances are likely its dividend will rise as well. CP stock is not cheap, so it might be best to buy on any dip. However, give this dividend stock a long time horizon and you'll find your returns right on "track."

A top asset management stock with a nice dividend

After its recent spin-out, **Brookfield Asset Management (TSX:BAM.A)** looks to be compelling as a long-term income stock. While Brookfield is a complex organization, investors get to own a pure-play stake in its asset-light asset management business.

It recently announced that it would pay a quarterly dividend worth US\$0.32 per share. At today's price of \$38.92, that would be around a 4.3% dividend yield. It expects to distribute 90% of its distributable earnings back to shareholders.

Right now, Brookfield has \$750 billion of assets under management (AUM). However, it has a target of \$2 trillion worth of AUM by the end of 2027. If it can do this, shareholders are likely to see their dividends rise with the stock price.

CATEGORY

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2. TSX:BN (Brookfield)
3. TSX:CP (Canadian Pacific Railway)

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