3 Dividend Stocks You Can Safely Hold for Decades

Description

Dividend stocks are a great way to collect passive income, in a truly "passive" manner. Investing in stocks can be simpler than it seems, especially if you are able to look past the market and invest long-term (at least five years). Several studies have found that individuals who don't tinker day-to-day with their investment portfolio tend to outperform those who do.

If you want to passively invest, pick great quality businesses with favourable fundamentals and steady, growing cash flows. Hold them for years/decades and essentially do nothing (other than following quarterly or annual progress).

Three passive dividend stocks that make for great long-term investments include **Brookfield Infrastructure Partners** (TSX:BIP.UN), **Canadian Pacific Railway** (TSX:CP), and **Northland Power** (TSX:NPI).

Brookfield Infrastructure Partners stock

There is an ever-increasing demand for infrastructure to support our ever-developing society. This is a long-term trend that is very favourable for Brookfield Infrastructure Partners. Its diversified portfolio of infrastructure assets provides the backbone of society and the economy. These include assets like pipelines, railroads, transmission lines, ports, and cell towers.

Brookfield has been successful by acquiring beat-down assets, injecting capital to maximize efficiency, and then milking the cash flows to re-invest into new assets. Since 2013, this formula has compounded total returns by a 14.9% annualized rate.

Brookfield Infrastructure has increased its dividend by 143% in that time! Today, this dividend stock yields over 4.1%. Combine a great dividend and long-term growth tailwinds, and BIP makes for a solid stock to hold for years ahead.

CP Rail stock: Growth and a dividend

Speaking about infrastructure, a more focused stock in the transportation space to consider is Canadian Pacific Railway. While CP is one of the smallest Class One railroads in North America, it has actually been one of the best performers. Its stock has delivered a 279% return over the past decade (14.3% compounded annual growth rate).

CP could grow significantly larger if its deal to integrate Kansas City Southern is finally approved by regulators early this year. Many in the market expect this deal could be very accretive and unlock a lot of growth/profits.

This company is exceptionally well-managed. It is one of the most efficient and profitable railroads in the industry. While CP only pays a 0.7% dividend yield, it has grown its dividend by an 11% annualized rate over the past decade.

Northland Power stock

The transition to renewable and alternative energy sources is expected to take decades. However, many believe this is the only way to effectively combat climate change. This trend should support green energy stocks like Northland Power.

Northland has renewable power plants around the world. However, it has a unique focus on operating and developing offshore wind facilities. This is a fast-growing segment in the space and it is providing a lot of development opportunities for Northland.

The green power producer recently reached economic close on several new offshore wind projects. Likewise, it just signed its first joint venture to develop a facility in Asia. While it will take time, these developments will eventually yield a lot of cash.

Today, Northland stock pays a 3.2% dividend. However, that income should rise as its large development pipeline comes to completion over the coming five to 10 years.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:BIP.UN (Brookfield Infrastructure Partners L.P.)
2. TSX:CP (Canadian Pacific Railway)
3. TSX:NPI (Northland Power Inc.)

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robbybrown