3 Top Canadian Stocks to Buy Now and Hold Forever

Description

There are several ways to buy dividend stocks at the moment. Snapping up oversold Canadian stocks mixes a contrarian style with value investing for instance. A recessionary style involves splitting an end-point position into stages and buying on incremental weakness. But all of these approaches essentially add up to the same thing: investors seeking passive income should be thinking super long term.

Investors should be cautious about buying TSX stocks in bulk. The market is far too frothy to get the timing right. However, what investors can do is break down an eventual position and buy the dips. Take that $5,000 you want to invest and split it up. If you buy five dips at $1,000, you could end up with a larger position than buying once. Or decide how many shares you want to hold and reduce your outlay instead.

Three top Canadian stocks to hold for years to come

CN Rail's 2% dividend is among the most reliable on the TSX. This important to keep in mind, since dividends could be in danger as the Canadian economy takes a battering. The reasons to build a position in CN Rail are almost as broad as its business model. The rail operator's empire is vast, spanning Canada and reaching the Gulf of Mexico, and hauls everything from grain and metals to fuel and chemicals.

Enbridge is key to tapping Canada's hydrocarbon resources. Right now, the thesis for fossil fuels is becoming weaker by the day. But such resources may become safer and more efficient to process in the future. Enbridge is likely to remain securely in place to transport liquid fuel for years to come. Profits might be down now, but this blue-chip Canadian stock is still a strong play for the super long term.

TD Bank is on the ropes at the moment. As a Big Five ticker, it's far from being alone in underperforming the market. Banks are, after all, highly cyclical assets. And with a recession likely underway and the threat of worse to come, banking stocks should be down for some time. However, investors should rest assured that banks, as essential pillars of the economy, will never be allowed to fail.

Investors should consider slowly building positions in names like Enbridge and TD Bank. Both stocks are cheap at the moment, supporting a value investment thesis. This has also led to higher yielding dividends, making them ideal for a TFSA or RRSP. Enbridge currently pays a tasty 7.8% yield, while TD Bank pays 5.5%. Would-be shareholders could consider holding through rallies and building positions slowly on weakness.

The bottom line

TD Bank is one of our biggest banks, and that means safety is relatively assured for investors going long. Enbridge is similarly well positioned, with its Mainline network providing a broad economic moat. Both stocks are a bargain at the moment and offer high dividend yields to the low-risk investor going long. CN Rail is also suitably "moaty" and packs a defensible dividend that will stack up over the years.

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Date
2025/07/26
Date Created
2020/04/20
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