4 Dividend Buy-and-Hold Stocks to Buy in October

Description

As any long-term investor knows, "forever stocks" can be hard to find. Read on to see why Dividend Aristocrats such as **Fortis** (TSX:FTS)(NYSE:FTS) are ripe for the picking any time.

Identify stocks with solid track records

One of the main characteristics that super long-term investors should look for is a history of earnings growth. A multi-year share price appreciation trend is another key metric to look for. In essence, a forever stock should be predictable. To ascertain this, use all the available resources. One of the positives to come out of the pandemic market is that it has generated mountains of data pertaining to recession-proof names.

At 1.6%, **CN Rail** pays a lower dividend yield than Fortis, but it too is among the sturdiest of stocks on the **TSX**. This strength comes from broad industrial diversification. There's a bit of everything here. CN Rail ships most materials, making it a *de facto* indexer for lumber, chemicals, and other freight essential for manufacturing. Investors seeking alternatives to pipelines or fuel producers also have a play here for oil-by-rail.

Fortis packs reliability and defensiveness, matching the low volatility nature of utilities with a solid track record. This is a low risk stock with built-in dividend safety, and yet its share price is still reasonable. All of the above, plus a 3.7% yield, makes for a key dividend stock to buy and hold for years to come.

Though the energy space has been left a little bruised by the pandemic, this essential industry has held firm for the most part. Investors might expect some improvement in electricity prices in the new year. Energy producers have a second wave of the coronavirus to contend with, plus a potentially extended lockdown. However, the winter is likely to boost demand naturally, hopefully counterbalancing this risk.

Investing beyond Canadian shores

Of course, investors should be looking to diversify geographically, as well as industrially. This means packing exposure to the U.S., Europe, and the rest of the world. Various indexes allow access to a broad swathe of markets. However, investors who want to tap specific sectors can consider Canadian names with international exposure. For instance, **Scotiabank** is a canny play for access to banking services in the Pacific Alliance with a rich 6.5% yield.

Then you have names that can bring access to specific growth industries in specific foreign markets. Consider stashing shares in **Magna International**, for example, with its 3.4% dividend yield. This market leading auto manufacturing name brings exposure to the electric vehicle market in China. By adding Magna and Scotiabank to a portfolio, investors can "Buy Canadian" while diversifying into growing international markets.

Of course, the performances of both banks and auto manufacturers are positively correlated with the economy, which means that they are poorly insulated against a recession. However, this makes them key names to buy during a downturn and stashed at low prices for better times.

By counter-investing in a defensive tag team of names such as Fortis and CN Rail, investors can level out some of that risk while staying diversified into energy.

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