3 of the Best TSX Stocks to Buy for the Dividends in December

Description

Vaccine breakthroughs and a change of scenery in the political landscape south of the border are buoying a turbulent market. But for low-risk investors, dividend stocks are the way forward. Today, we will take a quick look at three of the top types of income stocks to buy and hold for the long term.

The strong track record

Fortis is a top stock to buy for its track record in payments. That track record is now standing at 47 straight years of dividend payouts. That's almost half a century of reliability. This lends Fortis that key characteristic that all low-risk investors should be looking for right now: predictability. That's the biggest thing that Fortis has going for it, and it's a quality that adds a definite shine to a modest 3.8% yield.

The rich-yielding dividend stock

Enbridge (TSX:ENB)(NYSE:ENB) is currently paying a rich dividend yield of 7.6%. That yield has been nudging 8% all year, as a downturn in energy usage rattled the power production industry. At a glance, though, this is a stock that trades at nearly 30% off its fair value but is also looking at almost 50% annual earnings growth. That's quite the pairing of data points.

With regards to value, Enbridge's price is 1.5 times its book value. That's almost reasonable for a stock of this calibre. It's also a business that has been positioning itself for the green revolution, packing renewables capacity of 2,000 megawatts in its asset portfolio. Total returns by mid-decade could be around 33% by conservative estimates. However, this wide-moat pick could turn out to be deceptively high growth.

The defensive market leader

From one market leader to another, **Nutrien** (TSX:NTR)(NYSE:NTR) is about as defensive as they come. Nutrien has one of the widest of economic moats of any stock on the TSX. While consumer staples are usually on the same level when it comes to low-risk assets, this year has proven that nothing is ever quite so straightforward.

Indeed, Nutrien is often overlooked in favour of other wide-moat picks. Consider the fanfare enjoyed by such names as the previously mentioned Enbridge, or the ever-popular **CN Rail**. But Nutrien has arguably has much broader market penetration on the world scale than either of these two names. Nutrien also packs a 3.7% dividend yield and could enjoy 32% annual earnings growth in the coming years.

Agri commodities are the ultimate consumer staples play. That said, though, they often don't get a lot of press when it comes to investing strategies. Nevertheless, as a global leader in potash production, as well as a top producer of other agri inputs, Nutrien is therefore one of the world's top consumer staples companies.

Bottom line

By holding Fortis, Enbridge, and Nutrien in a stock portfolio, investors are building some solid backbone in their wealth-creation plan. Pandemic-focused, near-term growth assets are likely to look tempting over the next few months. But balancing them with long-term, passive-income picks can both reduce the risk of capital loss and add peace of mind to a multi-year basket of TSX stocks.

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