The 3 Best Canadian Dividend Stocks to Buy This December

Description

The **TSX** has no shortage of dividend stocks for passive-income investors to choose from. Whether you're looking for a high yield or a dependable dividend-payout streak, there's a Canadian dividend stock for you. Even if you're looking to pair passive income with market-beating growth potential, you're not out of luck.

The recent volatility in the market has me searching for a less-volatile dividend stock as my portfolio's next buy. At the top of my watch list right now are **Bank of Nova Scotia** (TSX:BNS)(NYSE:BNS), **Telus** (TSX:T)(NYSE:TU), and **Northland Power** (TSX:NPI).

The three dividend stocks are very different businesses from one another. One of the few things they have in common is that they each pay a dividend. But since they all operate in different areas of the market, there's no harm in adding all three to your portfolio this month.

Dividend stock #1: Bank of Nova Scotia

The Canadian banks own some of the top dividends you'll find on the TSX. Yields may not be amongst the highest at today's prices, but the dividend-payout streaks sure are.

Another reason to have a Canadian bank on your radar is due to all of the recent dividend hikes. In 2020, the pandemic pushed the Canadian government to temporarily ban federally regulated banks from share buybacks and dividend increases. However, since that ban was lifted several weeks ago, the major Canadian banks have not wasted any time returning to increasing their dividends.

Bank of Nova Scotia came out with its quarterly report at the end of November. The market was expecting a dividend increase between 5-6% but the dividend stock smashed estimates with an 11.1% increase.

At today's stock price, the $100 billion bank's dividend yields close to 5%. That ranks it as the highest among the major Canadian banks.

Dividend stock #2: Telus

Speaking of high-yielding dividend stocks, Telus has been on my radar for a while now — and not only for its 4.5% yield.

There's a certain growth element Telus, which is why it's on my watch list this month. As a telecommunications leader, Telus stands to largely benefit from the expansion of 5G technology in Canada.

When including dividends, shares have slightly outperformed the **S&P/TSX Composite Index's** return over the past five years. But with the growth of 5G still in the early stages, I strongly believe that Telus will be a market-crushing dividend stock over the next decade.

Dividend stock #3: Northland Power

If you're in search of a dividend stock with market-beating growth potential, this is the company for you.

Similar to Telus, Northland Power is no stranger to outperforming the Canadian market. It may only yield 3% at today's stock price, but its growth potential far exceeds Telus's over the next decade and longer. And considering the growth that it's already put up in recent years, a 3% yield is incredibly impressive.

Now's the time to load up on shares. Northland Power, along with many others in the renewable energy sector, is trading at a discount. The dividend stock is down 15% year to date and more than 20% from all-time highs. Still, shares are up a market-crushing 65% over the past five years, and that's not even including dividends either.

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2. NYSE:TU (TELUS)
3. TSX:BNS (Bank Of Nova Scotia)
4. TSX:NPI (Northland Power Inc.)
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