



The 4 Best Canadian Dividend Stocks to Buy in December 2021

Description

Canadian dividend stocks are a great way to offset [volatility](#) in your investment portfolio. When the market is going up and down (it's mostly down this December), high-quality stocks keep paying out attractive monthly or quarterly dividends.

With lots of turmoil in the stock market, I expect volatility to continue into 2022. If you want to get a defensive stream of dividend income, here are four top Canadian stocks to buy in December and hold throughout 2022.

TD Bank: A solid portfolio anchor

Toronto-Dominion Bank ([TSX:TD](#))([NYSE:TD](#)) is a solid dividend-growth stock to own in any portfolio. The company has a high-quality franchise of retail banking operations in Canada and the United States.

TD is not the cheapest bank, but it is one of the highest-quality financial stocks. The bank has a very strong balance sheet and excess capital to deploy. In fact, it just raised its quarterly dividend 12.6% to \$0.89 per share.

This Canadian stock now yields an attractive 3.8% dividend. Over the past 10 years, TD has grown its dividend by a compounded growth rate of 9% on average. For a stable, dividend-growth machine, TD is an attractive stock for the long run.

Fortis: A top Canadian dividend-growth stock

If you really want to get defensive in the current environment, **Fortis** ([TSX:FTS](#))([NYSE:FTS](#)) is a good Canadian dividend stock to own. It operates a solid mix of electric and natural gas transmission utilities across North America.

While Fortis only pays a 3.5% dividend, it is a dividend-growth juggernaut. It is one of the only Canadian stocks to have consistently increased its dividend every year for 49 years straight.

It is looking to keep growing its dividend on average by 6% a year going forward. This stock tends to outperform when the **TSX Index** is going down, so it is a nice hedge against broader stock market volatility.

Dream Industrial: A top real estate stock

Dream Industrial REIT ([TSX:DIR.UN](#)) is a great inflation hedge for 2022. Interest rates are low, but inflation is rising. Consequently, Dream can keep its financing costs low but enjoy outsized rental rate growth. As a result, its cash flows per share are growing at a nice 10% annual rate. In parallel, the value of its industrial property portfolio is quickly climbing.

Dream manages a very well-located portfolio of logistics, warehousing, and industrial properties across Canada, the United States, and Europe. The European market has been a really strong growth catalyst as of late. Despite that, this stock still trades at [a discount](#) to other industrial peers. Today, this Canadian dividend stock pays a nice 4.2% yield, which it distributes on a monthly basis.

Suncor: A Canadian energy stock with an attractive dividend

Another Canadian dividend stock that could be a useful hedge against inflation is **Suncor** ([TSX:SU](#))([NYSE:SU](#)). Oil supply has massively been constrained since the 2020 oil market crash. However, energy demand has been steadily recovering (perhaps temporarily stalled due to the new Omicron variant).

Over the mid-term, this is a very favourable environment for Suncor. It can sustain operations and its 5.6% dividend for around US\$40 per barrel. Any oil price above that is free cash flow.

This gives it lots of optionality on providing returns for shareholders (share buybacks, debt reduction, dividend increases, or to [grow production](#)). For a cyclical (slightly riskier) opportunity in 2022, this Canadian integrated energy company looks like an attractive dividend and value stock.

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2. NYSE:SU (Suncor Energy Inc.)
3. NYSE:TD (The Toronto-Dominion Bank)
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5. TSX:FTS (Fortis Inc.)
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7. TSX:TD (The Toronto-Dominion Bank)

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