



The 4 Best Canadian Dividend Stocks for January 2022

Description

Dividend stocks are ideal investments when the Canadian stock market turns choppy. [Income-paying stocks](#) with strong balance sheets, capable management teams, and reliable income streams generally pay their dividends through the broad market cycles.

When the stock market pulls back, you still collect your income returns. Owning dividend stocks is a great long-term way to offset the volatility of a Canadian portfolio. If I was looking to load up on some top dividend [stocks in 2022](#), here are four I'd look at today.

Fortis: A top dividend growth stock

Fortis ([TSX:FTS](#))([NYSE:FTS](#)) certainly does not pay the highest dividend on the **TSX**. Its stock only yields a 3.5% dividend. Yet, if it is consistency you like, this is one of the best. Fortis has paid and raised its dividend for 48 consecutive years. In fact, for the past 20 years, Fortis has delivered an annual average return of 13%.

The company operates \$57 billion worth of regulated gas and electric utilities across North America. These are largely transmission assets that capture very predictable annual cash flows. Fortis has a \$20 billion capital investment plan, which is expected to expand its rate base by about 6% a year for the next five years. The company expects that to result in an average annual dividend increase of 6% in that time.

TD Bank

With interest rates expected to rise in 2022, **Toronto-Dominion Bank** ([TSX:TD](#))([NYSE:TD](#)) looks to be well positioned. As the second largest bank on the TSX, TD has a very strong retail franchise across Canada and the U.S. As long as the economy remains robust, TD will benefit in 2022 from rising interest margins and from the deployment of an increasing array of digital fintech products.

This bank has one of the best capital ratios in North America. TD has excess capital, which many

expect it to deploy into further market expanding acquisitions. This stock recently raised its quarterly dividend by 13% and initiated a large share buyback program. Today, investors collect a nice 3.7% dividend equal to \$0.89 per share every quarter.

Dream Industrial REIT

There has been a lot of concern about rising inflation throughout the economy. Real estate has traditionally been a good hedge against inflation. That is why **Dream Industrial REIT** ([TSX:DIR.UN](#)) looks attractive right now. Today, this dividend stock pays a \$0.0583 distribution per unit every month. That is equal to a 4.15% yield.

Dream Industrial operates a large portfolio of logistics, distribution, and warehousing properties in North America and Europe. Given onshoring manufacturing trends and pent-up supply chain issues, industrial real estate is enjoying insatiable demand.

Consequently, Dream is seeing elevated rental growth in 2021. I don't see that trend abating any time soon and it should translate into mid-teens cash flow per share growth for the next few years. A nice dividend increase could be on the horizon.

Enbridge: A high-yielding dividend stock

The last dividend stock that looks well positioned in 2022 is **Enbridge** ([TSX:ENB](#))([NYSE:ENB](#)). With a 7.1% dividend yield, Enbridge pays one of the most attractive, well-covered dividends in Canada. Investors collect a \$0.86 dividend every quarter with this stock.

Many consider Enbridge a "dirty" stock due to its large pipeline and oil transportation business. However, it has been very focused on diversifying operations. The company has been investing heavily in energy transition assets like natural gas utilities, LNG export facilities, renewable power, and hydrogen and biofuel infrastructure.

Enbridge stock has yet to recover to its pre-pandemic level. That is despite demonstrating consistent operational and performance metrics. For an elevated yield and [steady 5-7% growth](#), this is a solid stock to own in 2022 and beyond.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:ENB (Enbridge Inc.)
2. NYSE:FTS (Fortis Inc.)
3. NYSE:TD (The Toronto-Dominion Bank)
4. TSX:DIR.UN (Dream Industrial REIT)
5. TSX:ENB (Enbridge Inc.)
6. TSX:FTS (Fortis Inc.)
7. TSX:TD (The Toronto-Dominion Bank)

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