3 Blue-Chip Dividend Stocks Canadians Can Buy in 2022

Description

Investing in the equity markets carries certain risks given the short-term volatility associated with the asset class. However, you can also derive inflation-beating returns consistently if you have the ability to identify quality stocks. Here, we'll look at three Canadian blue-chip dividend stocks that should be attractive to income investors.

Dividend-paying stocks allow you to benefit from a steady stream of recurring income as well as long-term capital gains.

Enbridge

One of Canada's largest companies, **Enbridge** (TSX:ENB)(NYSE:ENB) offers investors a tasty forward yield of 6.71%. It has increased dividends annually for 27 consecutive years, showcasing the resiliency of its underlying business.

A midstream company, Enbridge owns and operates a diversified portfolio of assets that transport oil and natural gas in North America. The company's cash flows are backed by long-term contracts, making Enbridge relatively immune to the fluctuations in commodity prices.

Right now, adjusted EBITDA derived from Enbridge's renewable energy business accounts for just 4% of the total EBITDA, and this number should increase in the upcoming decade.

In 2022, Enbridge aims to increase cash flows by 10% to between $5.20 and $5.50 per share. So, it's trading at less than nine times future cash flows, making ENB one of the cheapest stocks on the TSX.

Brookfield Renewable Partners

One of the largest companies operating in the clean energy space, **Brookfield Renewable Partners** (TSX:BEP.UN)(NYSE:BEP) provides a forward yield of 3.6%. It generates a majority of cash flows from the hydroelectric business, followed by wind and solar.

Brookfield Renewable Partners has a diversified revenue base with operations in North America, Europe, Latin America, and Asia. Further, approximately 85% of the power generated by Brookfield Renewable is backed by contracts with an average remaining contract life of 14 years.

BEP ended Q3 with a power portfolio of 21 gigawatts and has a construction pipeline of 36 gigawatts. The company has a goal to increase dividend distributions between 5% and 9%, which indicates its cash flows remain steady across business cycles.

Brookfield Renewable Partners is well poised to benefit from the accelerated shift towards clean energy solutions, given its wide economic moat. Further, its management is optimistic about providing annual returns of 15% to investors after accounting for dividends.

Toronto-Dominion Bank

The final stock on my list is Canadian financial giant **Toronto-Dominion Bank** (TSX:TD)(NYSE:TD). After adjusting for dividends, TD stock has returned 280% to investors in the last 10 years and currently offers a forward yield of 3.5%.

After a volatile 2020, TD Bank reported adjusted earnings of $7.91 per share in fiscal 2021, up from $5.36 per share in the year-ago period. Its adjusted net income also rose to $14.64 billion in fiscal 2021 compared to $9.97 billion in 2020.

TD Bank has robust fundamentals and demonstrated the value of its diversified business that enabled the company to improve shareholder returns amid COVID-19. The company continues to invest in new capabilities while driving loan and deposit volumes higher in the retail business, It also increased revenue in the Wealth and Insurance business in Q4 of fiscal 2021 that ended in October.

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2. Investing

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1. NYSE:BEP (Brookfield Renewable Partners L.P.)
2. NYSE:ENB (Enbridge Inc.)
3. NYSE:TD (The Toronto-Dominion Bank)
4. TSX:BEP.UN (Brookfield Renewable Partners L.P.)
5. TSX:ENB (Enbridge Inc.)
6. TSX:TD (The Toronto-Dominion Bank)

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