



The 3 Best Canadian Dividend Stocks to Buy in 2022

Description

With volatility spiking in the market, now may be a good time to go shopping for some [dividend stocks](#). Despite the **S&P/TSX Composite Index's** strong performance last year, there's plenty of uncertainty in the stock market today, which has been a key contributor to the recent volatility.

The pandemic, which can't seem to slow down in Canada, has been the wild card for stocks since early 2020. Last year's performance proved that [growth](#) is still possible, even amid a pandemic, but not without high volatility.

Rising interest rates and inflation are two other question marks for the stock market in 2022. Increased rates seem likely to help slow inflation, which we're already beginning to see reach concerning levels.

Heading into another year full of uncertainty, I'm looking to stabilize my portfolio with a few dependable dividend stocks. The passive income generated from dividends can help offset some of the expected volatility in the market this year.

Here's a list of three dividend-paying companies to add to your watch list this year.

A high-yielding defensive stock

As a market-leading utility stock, **Algonquin Power** ([TSX:AQN](#))([NYSE:AQN](#)) is a perfect company to own during volatile market periods. Revenue streams tend to be fairly predictable for utility companies, which keeps volatility to a minimum.

At today's stock price, Algonquin Power is the highest-yielding pick on this list. The company's annual dividend of \$0.86 per share is nearing a whopping 5% yield.

What separates Algonquin Power from other utility stocks is the long-term growth potential. Shares are nearing a market-beating 60% gain over the past five years. Once you factor in dividends, that's good enough for more than doubling the returns of the Canadian market.

And if you needed another reason to start a position in this top dividend stock, shares are now trading at an opportunistic [discount](#). The stock is down 20% from all-time highs set in early 2021.

Investing in a Canadian bank is a wise choice

There are a few good reasons why a Canadian investor would want to own shares of one of the Big Five Canadian banks.

Growth, passive income, and diversification are three reasons why **Toronto-Dominion Bank** ([TSX:TD](#))([NYSE:TD](#)) is on my own watch list this year.

Shares of the dividend stock are up a market-beating 50% over the past five years. On top of that growth, the company's dividend is currently yielding close to 4%.

But what puts TD Bank on my watch list is the bank's presence in the United States. With an increasingly growing footprint south of the border, owning shares of TD Bank provides a portfolio with much-needed diversification from the Canadian economy.

A dividend stock for growth-oriented investors

The last pick on my list may have the largest amount of growth potential amongst the three companies. Shares of **Telus** ([TSX:T](#))([NYSE:TU](#)) are only up 35% over the past five years, but the company definitely has the potential to be a market-beating stock over the next decade.

The company's growth potential comes from two growing trends: 5G technology and telemedicine. As a major telecommunication provider in the country, Telus is sure to benefit from the expansion of 5G technology.

Telus's growing presence in the telemedicine space is why I'm so bullish on the dividend stock over the next decade. The company serves both healthcare professionals and the general public, offering its customers a range of different types of virtual telehealth support.

The telemedicine space is still largely in its early days, which is why I'd suggest picking up shares of Telus sooner rather than later.

CATEGORY

1. Dividend Stocks
2. Investing

POST TAG

1. Editor's Choice

TICKERS GLOBAL

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2. NYSE:TD (The Toronto-Dominion Bank)

3. NYSE:TU (TELUS)
4. TSX:AQN (Algonquin Power & Utilities Corp.)
5. TSX:T (TELUS)
6. TSX:TD (The Toronto-Dominion Bank)

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