3 Top TSX Dividend Stocks to Buy in 2022

Description

Dividend stocks are a great way to achieve financial independence. These are stocks that pay shareholders on a regular basis simply for holding shares in a company. If you've ever wanted to "make money while you sleep," then investing in dividend stocks would be an easy way for you to do that. However, not all dividend stocks are made equally. Some stocks have characteristics that make them better buys than others. In this article, I'll discuss three top **TSX** dividend stocks to buy in 2022.

Start buying the banks

Historically, banks have done very well in high-interest rate environments. This is because banks and other financial companies (e.g., insurance companies, brokerage firms) tend to see profit margins expand as interest rates climb. With interest rates predicted to rise in the near future, investors should consider adding **Bank of Nova Scotia** (TSX:BNS)(NYSE:BNS) to their portfolios. It is a member of the Big Five — a group of Canadian banks that dominates the country's banking industry.

Bank of Nova Scotia is known as a Canadian Dividend Aristocrat after having increased its dividend distribution for the past 11 years. In fact, at its most recent earnings report, Bank of Nova Scotia announced that it would be increasing its distribution by 11%. If you're looking for a stock that can pay a reliable dividend and withstand the short-term consequences of rising interest rates, Bank of Nova Scotia is a great choice.

Get into this railway company now

As of this writing, **Canadian Pacific Railway** (TSX:CP)(NYSE:CP) is the second-largest railway company in Canada. The company operates about 20,000 km of track, spanning from British Columbia to Quebec and into the northern continental United States. However, it won't be long until the company expands its rail network via the acquisition of **Kansas City Southern**. In December 2021, Canadian Pacific finalized the US$31 billion acquisition, making it the first North American railway company to operate track in Canada, the United States, and Mexico.

Canadian Pacific is a new entry into the Canadian Dividend Aristocrat list, after successfully raising its dividend for the fifth straight year in 2021. Canadian Pacific's dividend-payout ratio should also be noted. It's very low, at 16.37%. This suggests that the company has sufficient room to continue raising its distributions in the future.

A reliable dividend company

Finally, investors looking to add dividend companies to their portfolio should consider buying shares of **Fortis** (TSX:FTS)(NYSE:FTS). This stock is a premier dividend company. It holds the second-longest active dividend-growth streak in Canada at 47 years. The company is able to continue increasing its dividends year after year because of the recession-proof nature of its business. It provides regulated gas and electric utilities to 3.4 million customers in Canada, the United States, and the Caribbean.

Fortis doesn't have a very exciting business; however, it's a company that should let investors sleep well at night. Regardless of what happens to the economy, the demand for gas and electricity won't go away. This should give Fortis stock some stability during market downturns, thus making it a solid choice for your portfolio.

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