The 3 Best Dividend Stocks to Buy Before 2022 Is Over

Description

Low-level inflation erodes purchasing power over time, but the cut is faster if the rate is rising at a rapid pace like today. The situation is alarming such that a well-rounded financial plan must be in place to cope with escalating prices.

While dividends do not increase with inflation, you'd be in a better position owning the best dividend stocks right now or before the year is over. A portfolio consisting of a big bank stock, an energy stalwart, and a consumer-defensive asset should calm your inflation fears.

Tremendous growth opportunity

The current complex environment won't stop **Toronto-Dominion Bank** (TSX:TD)(NYSE:TD) from expanding its footprint in the United States. Canada's second-largest lender will become the sixth-largest bank across the border once it completes the merger with First Horizon in 2023.

TD Group's president and CEO Bharat Masrani made good on his promise to pursue a strategic acquisition if a tremendous opportunity presents itself. He said, "First Horizon is a great bank and a terrific strategic fit for TD. It provides TD with immediate presence and scale in highly attractive adjacent markets in the U.S. with significant opportunity for future growth across the southeast."

First Horizon, a premier regional bank, is a compelling transaction, because it will accelerate TD's long-term growth strategy in America. The $168.29 billion Canadian big bank will gain a network of 1,560 stores and have more than 10.7 million customers in 22 states. More importantly, TD's total global assets will grow to $1.84 trillion.

TD trades at less than $100 per share ($92.79), so it's a good entry point. The 3.84% dividend should be sustainable, given the 40.9% payout ratio. Dividend growth is also possible owing to TD's dividend-growth streak of 11 years.

In the big league

Canadian Natural Resources (TSX:CNQ)(NYSE:CNQ), the TSX's first $100 billion oil & gas producer, is a top pick for income investors. At $79.51 per share, the trailing one-year price return is 119.94%. Current investors enjoy a 50.27% year-to-date gain and partake of the 3.77% dividend. Also, the $92.43 billion oil major has raised its dividends for 21 consecutive years.

Mawer Investment Management analyst Mark Rutherford said, "This company is one of the biggest global players and so it may garner more attention from international companies and should be compared to any of the top energy companies globally" CNR is now in the league of U.S. oil giants **ExxonMobil**, **Chevron**, and **ConocoPhillips**.

Buy peace of mind

Metro (TSX:MRU) pays a modest 1.56% dividend, but it buys you peace of mind. Like TD and CNR, this consumer-defensive stock is a Dividend Aristocrat. The $16.94 billion icon in Canada's food and pharmaceutical industry has raised its payouts for 27 straight years. MRU's total return in 20.02 years is 1,375.26% (14.39% CAGR). If you invest today, the share price is $70.61 (+5.31% year to date).

In Q2 fiscal 2022 (quarter ended March 12, 2022), net earnings and adjusted net earnings increased 5.3% and 5.1% versus Q2 fiscal 2021. Based on the quarterly operating results, business remains strong and resilient. Metro's pharmacy and food same-store sales increased 9.4% and 0.8%, respectively.

Established dividend payers

Investors don't need to chase high yields to combat inflation. TD, CNR, and Metro are mature, established dividend payers with potential to deliver growing dividends.

CATEGORY

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2. NYSE:TD (The Toronto-Dominion Bank)
3. TSX:CNQ (Canadian Natural Resources Limited)
4. TSX:MRU (Metro Inc.)
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