



The Smartest TSX Dividend Stocks to Buy With \$400 Right Now

Description

Generating a solid income stream that can last well into retirement is something that all investors need to consider. Many dividend investors accomplish this through dividend stocks. Yet, finding some of the smartest TSX dividend stocks to buy can be a long and tiring task. Fortunately, the market gives us plenty of [dividend](#) options to consider, even in a volatile market.

Here are some of those great dividend stocks to buy now for your future. And you can start off with as little as \$400 right now.

Get your fill now and for years to come

One of the smartest TSX dividend stocks to buy now with \$400 may surprise you. **Metro** ([TSX:MRU](#)) is one of the largest grocers in Canada, with a solid, if not impenetrable defensive moat.

Metro's business spans the recession-proof consumer staples and pharmacy sectors. The company boasts an impressive network of grocery and pharmacy stores across primarily Ontario and Quebec. The network also spans multiple brands, catering to different tastes and price points.

In other words, Metro is a mature, well-diversified operation that caters to necessities we all need.

That moat is the reason Metro is one of the few companies still beating the market this year. Specifically, the market has tumbled over 10% in 2022, while Metro remains a few points in the black.

That's not to say that volatility hasn't played a role here as it has elsewhere. Rapidly rising prices have resulted in changes in consumer tastes this year. In short, customers will seek out more bulk, and value-oriented options, still within Metro's impressive brand portfolio.

So then, what makes Metro one of the smartest TSX dividend stocks on the market? Apart from that defensive appeal I mentioned above, Metro also has a stellar history when it comes to dividend increases. Impressively, the grocer boasts 27 consecutive years of annual upticks to its quarterly dividend, which carries a yield of 1.56%.

In other words, Metro will continue to grow, which makes it a great option to start off with a \$400 investment today.

Banking on growth, stability, and lots of income

It would be near impossible to mention a list of the smartest TSX dividend stocks without mentioning at least one of Canada's big banks.

Seasoned investors will no doubt recall the impressive skills of the big banks at weathering market volatility. In fact, during the Great Recession, Canada's big banks fared significantly better than their larger U.S.-based peers.

So then, which of the big banks is one of the smartest TSX dividend stocks to buy right now? That would be **Bank of Nova Scotia** ([TSX:BNS](#))([NYSE:BNS](#)). In fact, Scotiabank boasts several key advantages over its big bank peers right now.

First, the bank is well-diversified. Unlike its peers that opted to focus near exclusively on the U.S. market for international growth, Scotiabank turned further south. Specifically, to the nations of Mexico, Columbia, Chile, and Peru.

Those nations are party to a trade bloc known as the Pacific Alliance that is hyper-focused on bolstering trade and eliminating tariffs. Scotiabank's impressive branch network across the bloc has made the bank a preferred lender across the region. That growth is unlikely to end anytime soon.

Second, Scotiabank trades at a significant discount to its peers right now. The stock trades near \$65 and has a P/E of just 7.8. Looking back to the pre-COVID market, the last time Scotiabank traded at this level was back in 2016. This makes it a great time to buy the bank at a discounted level and leads to my third point.

Scotiabank offers an insane quarterly dividend that has swelled as the market has dropped. The current yield is a juicy 6.19%, which is the best among its peers.

To put it another way, a \$400 investment today in Scotiabank buys you two more shares today than it did a year ago. Follow up on that market weakness with several more \$400 contributions over the year and that nest egg will quickly grow to something impressive.

The smartest TSX dividend stocks

Every investment carries risk, and that includes both Scotiabank and Metro. Fortunately, both stocks mentioned above boast well-diversified and defensive operations.

In my opinion, both stocks would do well as part of a larger, [well-diversified portfolio](#).

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2. TSX:BNS (Bank Of Nova Scotia)
3. TSX:MRU (Metro Inc.)

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