



2 High-Yield Dividend Stocks to Buy in February

Description

Interest rates plummeted in 2020 largely as a result of the Canadian government reacting to the COVID-19 pandemic. As the virus wreaked havoc across the globe, interest rates were lowered in an attempt to stimulate the damaged economy.

Whether or not the lowered interests did help stimulate the economy, Canadians are now left searching for high-yielding investment opportunities.

Dividend stocks were far from the top-performing stocks in 2020, with regards to growth. But growth isn't the main reason to buy a Dividend Aristocrat. The reliable passive income is why you might be considering adding a top dividend stock to your portfolio.

If you're looking for an additional income stream this year, you should consider adding a [top dividend-paying company](#) to your portfolio. Here are two dividend stocks that you'll want to have at the top of your watch list.

Dividend stock #1: Bank of Nova Scotia

If you're looking for a top dividend stock, the Canadian banks are a great place to start. Each of the Big Five owns a yield above 4% and has been paying dividends to its shareholders for decades.

At a market cap of \$85 billion, **Bank of Nova Scotia** ([TSX:BNS](#))([NYSE:BNS](#)) is Canada's third-largest bank.

Similar to its peers, Bank of Nova Scotia trailed the Canadian market's returns in 2020. However, it did manage to keep its dividend stable and continue its incredible payout streak.

At today's stock price, Bank of Nova Scotia's annual dividend of \$3.60 per share is good enough for a yield of 5%. The bank has also been paying a dividend to its shareholders for more than 180 years.

A major reason why I'm suggesting dividend-seekers add a Canadian bank to their portfolio today is because of valuation. The lowered interest rates have hurt the Canadian bank's profitability in the short-term, but that means valuations are attractive right now.

If you're a long-term investor, now is the time to be loading up shares of a Canadian bank. Bank of Nova Scotia trades at a very reasonable forward price-to-earnings ratio of 10 today.

You won't be able to count on this dividend stock to outperform the Canadian market on a yearly basis. What you can count on is a high-yielding dividend that's as reliable as they come.

Dividend stock #2: Algonquin Power & Utilities

In terms of stability, there aren't many better choices than utility companies to invest in. No matter the economic condition, consumers depend on their utility providers to cover basic living needs. As a result of that dependency, revenue generation is relatively easy to predict, which explains why utility companies are such dependable investments.

I have **Algonquin Power & Utilities** ([TSX:AQN](#))([NYSE:AQN](#)) on my watch list today because it's a rare blend of a utility and renewable energy provider.

Green energy is one sector that I'm incredibly bullish on. I'm betting the sector will be one of the top-performing over the next decade.

Because Algonquin Power & Utilities is partially a renewable energy provider, shareholders will have the potential to earn [market-beating growth](#) over the long term. Over the past five years, shares of the \$13 billion dividend stock are up over 100%. That's good enough for more than double what the Canadian market has returned.

At today's stock price, the annual dividend of \$0.78 per share will earn investors a yield of 3.5%.

While a 3.5% yield might not be able to match what the Big Five can offer, Algonquin Power & Utilities has market-beating growth potential on its side.

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