



## Bet Big on Biden: Buy This Top TSX Stock Today

### Description

The Biden Administration has already set forth some pretty ambitious goals. Investors know about his environmental stance and have begun to adjust their portfolios accordingly. Additionally, there's speculation cannabis legalization could be on the table sometime soon.

However, one less-discussed catalyst is the potential for a large infrastructure spending bill. Here's why **Labrador Iron Ore Royalty** ([TSX:LIF](#)) is a great way to play this potential growth driver.

### We're going to need a lot of steel...

If a massive infrastructure spending bill is passed, a tremendous amount of steel is going to be needed. Iron ore companies have risen nicely in recent months to reflect this sentiment. However, I think much more upside could be on the horizon if a bill actually materializes.

Labrador Iron Ore has a very enticing business model for investors seeking to capture this upside. The company owns a 15% stake in the **Iron Ore Company of Canada**, which operates an iron mine in Newfoundland. This gives Labrador Iron Ore direct exposure to this sector.

Additionally, because this is a royalty company on the underlying operating business, LIF's cash flows are much more stable. This makes this stock a great one to hold from an income perspective. Indeed, I think this is a stock every dividend should consider. Labrador Iron Ore offers investors a [dividend yield](#) of 7.2% that is one of the highest-quality in the high-yield space. This dividend yield is inclusive of special dividends, which the company doles out in good years.

Additionally, the royalty company has a very light cost structure relative to operators in this sector. I think this company has an excellent hybrid business model of owning equity in the underlying miner as well as royalty streams on top. Investors get excellent leverage to iron ore prices with a stable cash flow overlay.

## Bottom line

With the Democrats controlling the House and Senate, there's speculation that an infrastructure spending bill is on the horizon. I think there's a very good chance of this, and think Labrador Iron Ore is a great way to play this catalyst for investors bullish on Biden getting things done early in his term.

Labrador Iron Ore provides an excellent way for investors to get leverage to the increased demand stemming from this bill.

This is a stock that isn't likely to have a tremendous amount of capital appreciation over the years. Instead, this is more of a long-term income play. As such, I'd recommend investors seeking to build an income growth fund for retirement take a look at this stock right now.

### CATEGORY

1. Investing
2. Metals and Mining Stocks

### POST TAG

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### TICKERS GLOBAL

1. TSX:LIF (Labrador Iron Ore Royalty Corporation)

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