



## 2 Cheap Canadian Dividend Stocks to Buy for Total Returns in 2022

### Description

Retirement investors are searching for [undervalued](#) stocks that have the potential to outperform the market in 2022.

### Pembina Pipeline

**Pembina Pipeline** ([TSX:PPL](#))([NYSE:PBA](#)) is projecting strong results for 2022. Adjusted EBITDA is expected to be \$3.35-\$3.55 billion with cash flow from operating activities expected to outpace dividend payments and the \$655 million capital program.

In fact, management intends to use the first \$200 million in excess cash to buy back about 1% of the outstanding stock and allocate amounts above that level to further reduce debt, boost capital investments, or give shareholders additional payouts.

The energy [sector](#) rebound looks set to continue for the next few years. Pembina Pipeline provides a variety of midstream and transportation services to oil and gas producers and is looking to increase its scope. The company has partnered with a First Nations group to evaluate the development of the Cedar LNG project that would have the capacity to create three million tonnes per year of liquified natural gas for export.

The stock trades near \$41 per share at the time of writing compared to \$52 before the pandemic, so there is decent upside potential as the oil and gas industry recovers. Investors who buy the stock at the current price can pick up a solid 6% dividend yield.

### Barrick Gold

**Barrick Gold** ([TSX:ABX](#))([NYSE:GOLD](#)) isn't the first stock that comes to mind when investors think about dividends, but the gold and copper miner has tripled the payout since September 2018, and investors could see another generous increase this year.

In addition to the US\$0.36 per share in distributions paid in 2021, Barrick Gold also gave investors US\$0.42 per share in a special US\$750 million return of capital. The combined distributions of US\$0.78 last year represents a yield of more than 4% at the current share price. That's a decent return, and investors might see a repeat in 2022.

Why?

Gold could catch a nice tailwind this year, as investors move funds to the yellow metal to protect their wealth against inflation. Safe-haven buying might also pick up steam with geopolitical tensions running hot. Ukraine, Taiwan, and Iran, among others, could be the spark. The rising threat of war between Russian and Ukraine alone could drive gold much higher.

Barrick Gold stock looks undervalued trading near \$23.50. The company can generate significant free cash flow at the current gold price above US\$1,800 per ounce and has the flexibility to return the excess cash to shareholders now that its debt is down to insignificant levels.

The shares traded near \$40 on the TSX Index at the peak of the rally in 2020. A surge in the price of gold this year could easily trigger a new tailwind for Barrick Gold, and it wouldn't be as surprise to see the stock take a run at \$35.

Barrick Gold's copper operations are often overlooked, but they are generating strong profits right now, and copper demand is expected to rise for several years, as electric vehicles, solar panels, and wind turbines eat up supplies.

## The bottom line on top cheap stocks to buy now

Pembina Pipeline and Barrick Gold appear cheap in a broader market that looks overbought. The stocks offer decent dividends and could deliver above-average total returns for investors in 2022.

### CATEGORY

1. Dividend Stocks
2. Investing

### TICKERS GLOBAL

1. NYSE:B (Barrick Mining)
2. NYSE:PBA (Pembina Pipeline Corporation)
3. TSX:ABX (Barrick Mining)
4. TSX:PPL (Pembina Pipeline Corporation)

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