2 Top Dividend Stocks to Buy While the Market Is Tanking

Description

After an incredible year of gains last year, the Canadian stock market has struggled through the first month of the year in 2022. The **S&P/TSX Composite Index** is already down a couple of percentage points this year, with the majority of those losses coming over the past two weeks.

A passive-income stream is one way to help offset losses during inevitable market downturns. Dividend stocks typically aren't the fastest-growing stocks on the **TSX**, but they can be dependable sources of passive income.

I've reviewed two dividend stocks that are at the top of my own watch list right now. Before things get any worse in the market, I'd urge Canadian investors to take a closer look at both of these dividend-paying companies.

Dividend stock #1: Northland Power

The renewable energy sector had a very disappointing year in 2021. Green energy investors enjoyed a year full of gains in 2020, but many top renewable energy stocks ended last year at a loss. In comparison, the Canadian market as a whole was up over 20%.

I'm both a long-term investor and a huge bull on the massive growth potential of the renewable energy sector. As a result, I've got a few green energy companies on my watch list right now, while many leaders in the sector are trading at opportunistic discounts.

Shares of **Northland Power** (TSX:NPI) were down close to 20% in 2021. Still, the energy stock is up a market-beating 50% over the past five years. And that's not even including the company's impressive 3.3% dividend yield.

Passive-income investors that are also bullish on renewable energy should have this dividend stock at the top of their watch list today. And with shares now down nearly 30% from all-time highs, this is a sale that I'd strongly urge long-term investors to take advantage of.

Dividend stock #2: Brookfield Infrastructure Partners

Speaking of market-beating dividend stocks, there are a few good reasons why owning shares of **Brookfield Infrastructure Partners** (TSX:BIP.UN)(NYSE:BIP) is an excellent idea. The utility stock can provide its shareholders with passive income, defensiveness, and growth.

As a dependable utility stock, Brookfield Infrastructure Partners can help reduce volatility in an investment portfolio. Utility stocks are far from the most exciting companies to own, but if you're over-indexed towards high-growth stocks, owning shares of Brookfield Infrastructure Partners would be a wise idea.

Brookfield Infrastructure Partners may not be an exciting stock, but that hasn't limited its ability to outperform the market. Excluding dividends, shares have more than doubled the returns of the Canadian market of since 2017.

At today's stock price, the company's annual dividend of $2.60 yields just shy of 3.5%. There's no doubt that's a great yield, but Canadians can find higher ones on the TSX. But when you factor in the growth potential and defensiveness, Brookfield Infrastructure Partners is a rare find.

Foolish bottom line

If you're more of a growth-oriented investor, you probably haven't given much thought to investing in dividend stocks. But as you can see, earning market-beating returns is certainly not out of the question for passive-income investors.

CATEGORY

1. Dividend Stocks
2. Investing

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1. NYSE:BIP (Brookfield Infrastructure Partners L.P.)
2. TSX:BIP.UN (Brookfield Infrastructure Partners L.P.)
3. TSX:NPI (Northland Power Inc.)

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