2 Dividend Stocks to Buy in February 2022

Description

The stock market is a place that has made investors very wealthy over the long term. Indeed, over the past decade, most of these returns have come from growth. However, over the longer term, holding high-quality dividend stocks has been a proven and worthy strategy.

Dividends reduce the risk of holding specific stocks. Companies paying dividends provide a payoff period for investors, adding predictability to these holdings. Whether it's quarterly, semi-annually, or even monthly, dividend income is what many investors are after — perhaps now more than ever.

With this in mind, here are two of my favourite dividend stocks to consider heading into February.

Top dividend stocks: SmartCentres REIT

SmartCentres REIT (TSX:SRU.UN) boasts a remarkable portfolio comprising of most retail-oriented real estate. This asset class was hammered by the pandemic, which saw SmartCentres's yield briefly rise into the double digits.

What did the company do? Not much, except continue on. Today, via capital appreciation, SmartCentres's yield has since dropped down to 4.8%. Accordingly, investors who bought into the idea that this dividend stock wouldn't cut its distribution have done extremely well.

The reason SmartCentres REIT was able to weather this storm so well is mainly the trust's tenant base. Most of the organization's locations are anchored by blue-chip, mega-cap retailers. Accordingly, in times of trouble, SmartCentres's cash flow wasn't impacted.

For those concerned about the future of retail, perhaps there's a longer-term bear thesis on this entire sector. However, SmartCentres's smart positioning in this space has made this stock a high-yield dividend investor's friend.

Manulife

Another stock that was hammered by the pandemic was **Manulife** (TSX:MFC)(NYSE:MFC). This top insurance provider was hit mainly by declining interest rates and concerns about rising claims. As it turns out, the company has managed the storm well. *And interest rates are set to rise*.

Thus, Manulife is one of the more intriguing dividend stocks to consider as an inflation and interest rate hedge. As interest rates rise, so too does the value of Manulife's investment portfolio. That's because most of Manulife's portfolio is long-dated fixed income to match its liabilities. Higher bond yields can be a good thing, after all.

Now, Manulife isn't just a North American insurance company. This top insurer has a significant growing market share in Asia. Additionally, the company has taken steps to de-risk its business lines, focusing on higher-growth segments.

Thus, there's a defensive growth argument to be made about Manulife right now. These factors combined make both Manulife and SmartCentres two stocks I'd include in a dividend portfolio moving forward.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:MFC (Manulife Financial Corporation)
2. TSX:MFC (Manulife Financial Corporation)
3. TSX:SRU.UN (SmartCentres Real Estate Investment Trust)

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