



## 2 Top Canadian Dividend Stocks to Buy in February

### Description

Investors seeking steady passive income and those hoping to build [retirement](#) wealth are looking for good TSX dividend stocks to buy for their [TFSA and RRSP](#) portfolios.

### Enbridge

**Enbridge** ([TSX:ENB](#))([NYSE:ENB](#)) is a giant in the North American energy infrastructure [sector](#). The company has a market capitalization of \$110 billion and transports 25% of the oil produced in Canada and the United States. Enbridge also has significant natural gas networks with pipeline, storage, and distribution operations. A fifth of the natural gas used in the United States goes through Enbridge's gas network. The distribution utilities deliver natural gas to millions of Canadian homes and businesses.

In addition, Enbridge has a growing renewable energy group with solar, wind, and geothermal assets.

The board raised the dividend by 3% for 2022. This was the 27th consecutive annual payout hike. The company is also planning to buy back up to \$1.5 billion in stock.

Enbridge continues to find opportunities for organic growth with a recent \$1.1 billion addition to the capital program for natural gas and renewable energy investments. Management is also willing to make strategic acquisitions to drive revenue growth, as investors saw with the US\$3 billion purchase of an oil export terminal and related assets late last year.

Future revenue growth could come from carbon-sequestration facilities, as Enbridge partners with energy, power, and cement companies to reduce carbon dioxide emissions.

Enbridge is targeting distributable cash flow growth of 5-7% through 2024. This should support steady continued dividend growth. Investors who buy ENB stock now can pick up a solid 6.3% dividend yield.

### Bank of Nova Scotia

**Bank of Nova Scotia** ([TSX:BNS](#))([NYSE:BNS](#)) is Canada's third-largest bank, but, with a current [market capitalization](#) of \$112 billion, it is by no means small.

The stock is up 35% in the past 12 months, and more gains should be on the way, as the global economic recovery extends the rebound in Bank of Nova Scotia's Latin American operations. The bank has invested billions of dollars over the past decade to build a substantial presence in Mexico, Peru, Chile, and Colombia. These countries form the core of the Pacific Alliance trade bloc that allows the free movement of goods, capital, and labour among the partner countries.

The long-term potential for the international group is substantial, as bank penetration in the combined market of more than 230 million people is only about 50%. As the middle class expands, demand for loans and other services should grow in both the retail and commercial banking segments.

Bank of Nova Scotia raised its dividend by 11% when it reported fiscal Q4 2021 results. The current payout provides a yield of 4.3%. Another generous increase should be on the way by the end of this year.

Bank of Nova Scotia and its peers stand to benefit from anticipated increases in interest rates. The Bank of Canada is expected to start raising rates as early as next month to battle high inflation. Rising rates help banks generate better net interest margins.

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

Enbridge and Bank of Nova Scotia are top TSX dividend stocks with attractive distributions that should continue to grow for years.

If you have some cash to put to work in a TFSA or RRSP, these stocks deserve to be on your radar.

### CATEGORY

1. Dividend Stocks
2. Investing

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2. NYSE:ENB (Enbridge Inc.)
3. TSX:BNS (Bank Of Nova Scotia)
4. TSX:ENB (Enbridge Inc.)

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