



3 Top TSX Dividend Stocks to Buy in February 2022

Description

Here are the top **TSX dividend stocks** to buy in February if you're looking for decent income and total returns. There's a good mix of quality and valuation in this group. They are all Canadian Dividend Aristocrats with at least eight consecutive years of dividend hikes.

A top TSX dividend stock to buy in February 2022

It's hard to beat this TSX dividend stock's combination of cheap valuation and juicy dividend yield. The market is not giving **Manulife** ([TSX:MFC](#))([NYSE:MFC](#)) enough credit for its achievements. It trades at about 8.1 times its blended price-to-earnings ratio (P/E), while its earnings per share are expected to grow at least 9% annually over the next three to five years. Furthermore, it offers a juicy yield of 5%. The dividend stock is holding up above its 50-day simple moving average. It could experience a breakout triggered by a rising interest rate scenario.

Michael Sprung just compared Manulife and its peer **Sun Life** earlier this week on *BNN*:

We prefer Manulife, though there are concerns about their Asian exposure. But they are selling at slightly over book and SLF higher. MFC also pays a higher yield of over 1%, and the valuation is better with MFC. We own both and both will benefit from rising interest rates. MFC has been minimizing risk by getting out of their non-core holdings and concentrating on their profitable businesses, but this demands patience. They are making solid progress as the new CEO focuses on shareholder value.

Michael Sprung, president of Sprung Investment Management

Another Canadian dividend stock to consider this month

Canadian Tire ([TSX:CTC.A](#)) is another top TSX dividend stock to buy in February. Founded in 1922 in Toronto, it is a household name with a long history of operation. Over the last decade or so, the quality retailer's normal P/E has been about 13.1, while its current blended P/E stands at below 11. So, it's

trading at a discount of about 16% compared to its historical trading levels.

Here's Michael Sprung's comment on Canadian Tire this week:

The weather is in their favour—a snowy winter. Their valuation is fair, around 10x. Will continue to do well longer-term. It's struggled the last couple of years to keep up but recently has done well. He owns little pure retail, but this is a good bet long term.

According to *Yahoo Finance*, 10 analysts have an average 12-month price target of \$226.80 per share on the Canadian dividend stock, which suggests a discount of more than 18% or near-term upside potential of 23%. Canadian Tire stock's 2.8% yield will also help boost returns.

Get monthly income from being a passive landlord

You no longer have to save up money for ages before buying stocks because [online brokerages](#) make it cheap to trade. It's a decent opportunity to buy a partial position on the dip in **Canadian Apartment Properties REIT** ([TSX:CAR.UN](#)) or CAPREIT in February 2022 and become a passive landlord. It yields 2.6% and is undervalued by about 18% according to the analyst consensus 12-month stock price target of \$68.47.

Last week, David Baskin made CAPREIT one of his top picks on *BNN*:

It's steady-eddy and the biggest landlord in Canada with 97%-98% occupancy. They had some fall-off during Covid, but they are back to fully rented. There's a general shortage of housing. Don't expect spectacular returns, but good, rising dividends as the value of the properties also rises. A solid defensive stock. (*Analysts' price target is \$68.79*)
David Baskin, president of Baskin Wealth Management

Interested investors should consider the quality residential REIT in their [TFSA](#) because it pays out cash distributions, which could include other income, capital gains, etc., and would be taxed differently from dividends if held in a taxable account.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:MFC (Manulife Financial Corporation)
2. TSX:CAR.UN (Canadian Apartment Properties Real Estate Investment Trust)
3. TSX:CTC.A (Canadian Tire Corporation, Limited)
4. TSX:MFC (Manulife Financial Corporation)

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