2 Red-Hot Dividend Stocks I'd Buy in February 2022

### Description

The **TSX Composite** benchmark has seen a correction in the last couple of months mainly due to a sharp selloff in tech stocks. As most high-growth stocks continue to look overvalued, investors might continue to shift their attention towards fundamentally strong and reliable dividend stocks. This increased buying is one of the reasons why most dividend stocks have remained unaffected by the recent broader market weakness.



Let's take a closer look at two such top Canadian dividend stocks that could help you receive handsome returns on your investment in the long run.

## Labrador Iron Ore stock

**Labrador Iron Ore Royalty** (TSX:LIF) is a Toronto-based company with slightly more than 15% equity interest in Iron Ore Company of Canada (IOC). Labrador Iron Ore currently has a market cap of about $2.7 billion, and its stock offers an amazingly high dividend yield of more than 13%.

The ongoing trend in the company's financials looks impressive, as its adjusted earnings rose by 82.2% YoY (year over year) to $1.64 per share in the September quarter. IOC's iron ore production remained strong in the fourth quarter, which could help Labrador post strong financial results for another quarter.

Also, the ongoing recovery in iron ore prices is likely to help IOC improve its profitability in the near term and help Labrador stock keep its bullish trend intact. These are some of the key factors that make this dividend stock in Canada worth buying right now. Investors' rising expectations from its coming earnings could be the reason why LIF stock has already inched up by 14% in 2022 so far.

## Pembina Pipeline stock

**Pembina Pipeline** (TSX:PPL)(NYSE:PBA) could be another great Canadian dividend stock to add to your portfolio in February. This Calgary-based energy transportation company currently has a market cap of about $23 billion, as its stock trades at $40.90 per share with about 7% year-to-date gains. At the same time, PPL stock has a strong dividend yield of about 6.2%.

Pembina Pipeline’s total revenue fell by about 14% in 2020 due to a sudden slump in demand for energy products due to the pandemic. Nonetheless, the company’s revenue consistently exceeded Street analysts’ estimates for the last three quarters in a row in 2021. In the latest reported quarter ended in September 2021, its top line rose by 37% YoY to $2.1 billion. Rising demand for energy products, along with stronger commodity prices, helped Pembina post strong financial growth last year. As a result, its adjusted earnings in Q3 2021 increased by 98% YoY to $1.01 per share, beating analysts’ estimates by about 50%.

Crude oil prices are currently hovering close to their highest level since 2014. This factor could also help energy companies, including Pembina Pipeline improve their profitability further in the coming quarters. Apart from these positive expectations, the company’s long track record of generating industry-leading returns for its investors with a strong balance sheet makes its high dividend-paying stock worth considering at the moment. It’s also important to note that Pembina Pipeline rewards its investors with monthly dividends, which could help you generate consistent and reliable passive income.

**CATEGORY**



1. Dividend Stocks
2. Investing

**TICKERS GLOBAL**

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2. TSX:LIF (Labrador Iron Ore Royalty Corporation)
3. TSX:PPL (Pembina Pipeline Corporation)

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