



2 Top Dividend Stocks Yielding Over 6% to Buy in September

Description

Near historically low interest rates and Trump's pressure on the Fed to lower them further has made traditional income-producing assets such as bonds unattractive investments. It has also triggered a hunt for yield with investors focusing on acquiring stable high yielding dividend paying stocks.

Some of the best sectors to consider when hunting for high yield less volatile dividend paying stocks are real estate investment trusts and infrastructure. Here are two stocks that possess wide economic moats, solid growth prospects, are relatively immune to economic downturns and very juicy yields of over 6%.

Those characteristics combined with a long history of dividend hikes makes them solid contenders for any investor seeking to grow their wealth at a rapid clip.

Leading energy infrastructure provider

Enbridge ([TSX:ENB](#))([NYSE:ENB](#)) has gained only a paltry 5% over the last year because the market believes that it's facing a range of serious headwinds. These include weaker oil and natural gas prices, its considerable debt load and its recently completed corporate restructuring.

For these reasons, Enbridge has been attracting significant negative attention, which sees it ranked as the tenth most shorted stock on the TSX.

The perceived degree of risk appears overbaked, leaving Enbridge [attractively valued](#), creating an opportunity for investors to lock in a very attractive 6.3% yield.

Weaker oil and gas appears to be having little impact in Enbridge. This is because the company forms an important link between the energy patch and North American refining markets, carrying 25% of all oil transported in North America.

A shortage of Canadian pipeline exit capacity means that there is significant demand for the utilization of Enbridge's pipeline, storage and processing infrastructure, even after Alberta imposed mandatory

production cuts to boost the price of Canadian heavy crude.

That pent-up demand coupled with the Line 3 Replacement Project coming online during the second half of 2020 and an additional \$15.6 billion portfolio of other energy infrastructure under development will boost Enbridge's earnings.

This will support the midstream giants planned 5% to 7% growth of its distributable cash flow, will support further regular dividend hikes with Enbridge having increased its annual dividend for the last years straight to give it a juicy 6% yield.

Diversified global property portfolio

Brookfield Property Partners (TSX:BPY)(NASDAQ:BPY) owns a global portfolio of commercially focused properties and has hiked its distribution for the last six years to be yielding a very tasty 6.6%.

Its portfolio includes globally recognised trophy office and retail properties, rendering it relatively immune to economic downturns and the transformation of bricks and mortar retailing.

Brookfield Property finished the [second quarter](#) 2019 with an impressive occupancy rate of 91.5% for its core office properties and 95% for its retail assets, thereby reflecting the quality of its portfolio.

The partnership is targeting a total return of 10% to 12% from its core real estate assets and will grow earnings through the development of a portfolio of projects, making opportunistic acquisitions and hiking rental prices.

Brookfield Property also has 15% of its balance sheet invested in what it believes are mispriced assets, where it's targeting a total return of 20%. Those more speculative investments will help to drive outsized returns and further support the planned 5% to 8% annual distribution growth.

Brookfield Property not only pays a steadily growing sustainable distribution yielding a juicy 6.6%, but is trading at a 36% discount to its net-asset-value (NAV), thereby underscoring the considerable capital gains available.

Foolish takeaway

Both stocks provide the opportunity to access yields of over 6%, which is well above the returns of bonds and guaranteed investment certificates. Both are trading at attractive valuations with considerable capital growth.

By reinvesting their steadily growing dividend payments, investors can access the power of compounding, thus allowing them to accelerate the creation of wealth. That makes now the time to acquire Enbridge and Brookfield Property to grow wealth over the long term.

CATEGORY

1. Dividend Stocks
2. Investing

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1. NYSE:ENB (Enbridge Inc.)
2. TSX:BPY.UN (Brookfield Property Partners)
3. TSX:ENB (Enbridge Inc.)

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