2 Stocks Yielding 6% That Dividend Investors Won't Want to Miss This January

Description

2019 was a kind year for investors. Despite the remarkable market-wide surge, there remain many value stocks that haven't participated (as much) in the broader market rally. And as we head into the new year, such names which may have lagged the rally could be ready to make up for lost time, providing income investors with an opportunity to "lock in" higher-than-average yields at a below-average price of admission.

The two stocks covered in this piece have safe dividends with yields north of the 6% mark, with a means to continue growing the said dividend at an above-average rate over the foreseeable future.

As their yields trend upward, their attractiveness to prospective income investors will go up, providing investors with a greater margin of safety relative to some of the "hotter" income players that don't possess below-average yields for above-average prices.

Consider **Enbridge** (TSX:ENB)(NYSE:ENB) and **SmartCentres REIT** (TSX:SRU.UN), which currently sport yields of 6.4%, 6.3%, and 6%, respectively.

Enbridge

The road that lies behind the Canadian pipeline kingpin looks quite bumpy. When the energy sector suffers from massive headwinds, the midstream players aren't spared from the pressures and with regulatory hurdles to pass through, seemingly endless delays have put the patience of income investors to the test in recent years.

Delays happen. It's unfortunate, but they're not detrimental to a company like Enbridge, which will slowly but surely get the cash flow boost it so desperately needs. The company has done an exceptional job of balancing a large, growing dividend and growth projects in spite of its recent difficulties. The balance sheet was stretched, but it looks to be moving in the right direction after recent asset sales and cash flow-generative projects that are just on the horizon.

Enbridge looks solid from a longer-term viewpoint and with 10% dividend hikes to be expected over the intermediate term, with a likely extension of the annual dividend hike commitment to be in the cards over the next two years.

The 6.4% yield on its own is impressive. Add the 10% in dividend growth and the potential for capital gains into the equation, and the Enbridge story looks so much better for income investors who are willing to go against the grain with the promising pipeline play.

SmartCentres REIT

SmartCentres is a highly underrated REIT. It’s in the dreaded retail real estate sub-industry, which is vulnerable to the rise of e-commerce. Despite pressures from digital competitors, many shopping malls, particularly in Canada, are far from dead.

The well-situated malls with great layouts, amenities, and stores are continuing to kick butt and take names in spite of the headwind facing brick-and-mortar retail as a whole.

SmartCentres has some of the most robust retailers in Canada and the U.S. with iconic brick-and-mortar retailers like **Canadian Tire** (and its subsidiary stores) and the “main attraction” of Smart Centres in **Wal-Mart**, a physical retailer that’s brought the fight to many of the e-commerce disruptors.

With a 5% yield, SmartCentres doesn’t have the most generous payout in the world. But shares of the name, I believe, are discounting the fact that SmartCentres is slowly moving into the world of mixed-use real estate, which could accelerate future AFFOs as management treats its properties like master-planned communities, combining the best of both residential and retail real estate.

In the meantime, a heavyweight in Wal-Mart will keep AFFOs steadily flowing in. And for those who don’t buy the death of the shopping mall, SmartCentres looks like an opportunity to pay a dime to get a dollar.

CATEGORY

1. Dividend Stocks
2. Investing
3. Stocks for Beginners

POST TAG

1. Editor's Choice

TICKERS GLOBAL

1. NYSE:ENB (Enbridge Inc.)
2. TSX:ENB (Enbridge Inc.)
3. TSX:SRU.UN (SmartCentres Real Estate Investment Trust)

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Date
2025/08/20
Date Created
2019/12/18
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