

2 Top Dividend Stocks for September 2020

Description

Many stocks are trading at sky-high valuations, while they're getting massive cuts on their earnings. Investors are better off getting sure dividends in today's market environment, where there's great disruption from a pandemic.

Here are two top dividend stocks that offer safe dividends that you can consider in September 2020. Their dividends are sufficiently big, so you don't necessarily need price appreciation to generate good returns from an investment.

Enbridge stock for a 7.7% yield

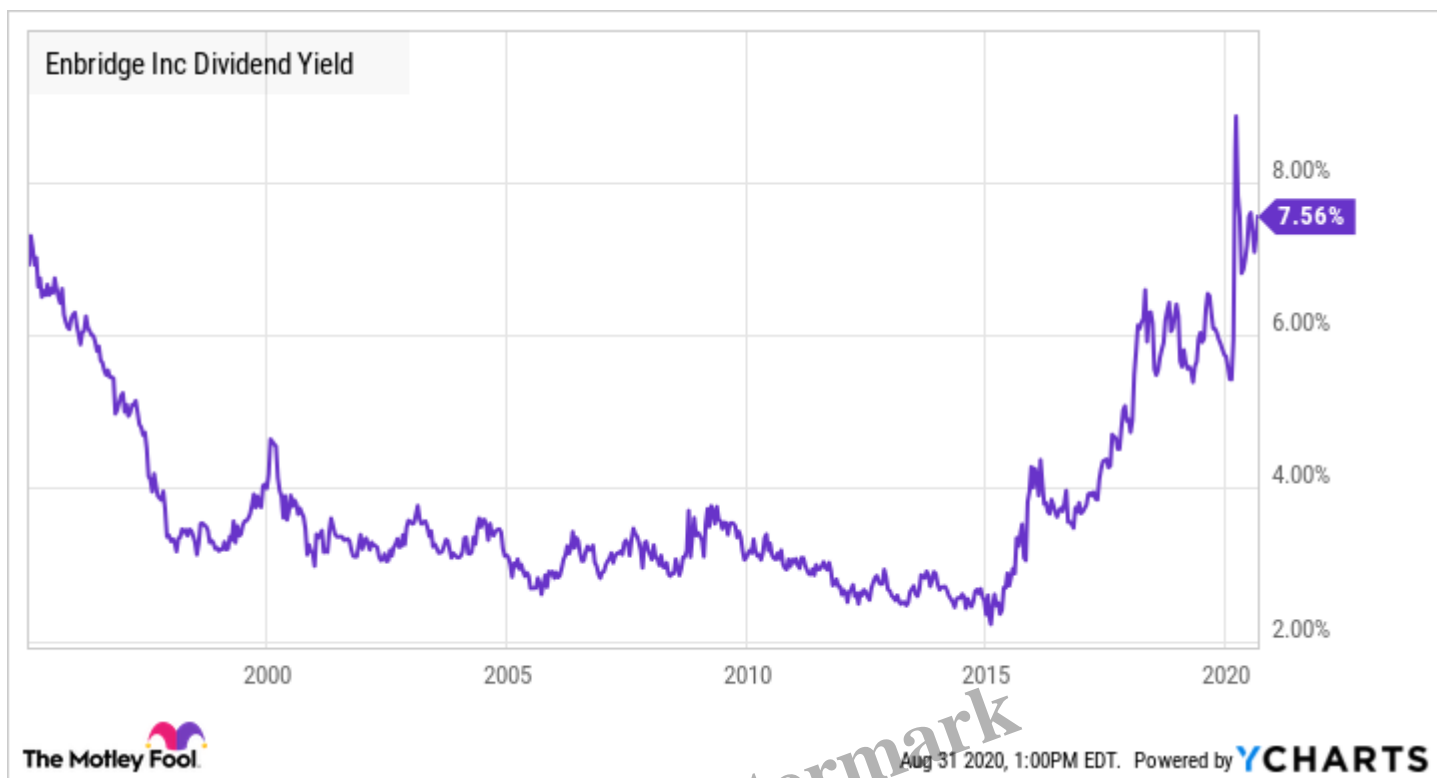
Despite the headwinds in the energy sector, **Enbridge** ([TSX:ENB](#))([NYSE:ENB](#)) stock, the North American energy infrastructure leader, remains in a solid position to keep its dividend safe.

Other than experiencing marginal improvements in its adjusted EBITDA and distributable cash flow in the first half of the year against the prior year's period, Enbridge stock's financial position also remains robust. Its current and quick ratios are the same as they were a year ago.

Additionally, the company's gross and EBITDA margins climbed 340 and 190 basis points, respectively, to 41% and 25.8% year over year.

Management reassured investors with a 2020 distributable cash flow (DCF) guidance of \$4.50-\$4.80 per share. This means that this year's payout ratio will be about 70%.

Enbridge has a medium-term target of 5-7% annual DCF per share growth through 2022. Consequently, to bring down its payout ratio to its target of about 65% in the next couple of years, Enbridge stock has room to increase its dividend by about 3% per year through 2022.



ENB Dividend Yield data by YCharts.

Enbridge stock is great for income with a starting yield of 7.7% that's near its all-time high. The dividend is likely to grow to a yield on cost of 8.1% in two years for investors buying shares today.

Investing \$10,000 in Enbridge today can generate annual passive income of about \$770 initially.

Bank of Nova Scotia for a 6.4% yield

Although the COVID-19 pandemic has had a far and wide impact on the economy, **Bank of Nova Scotia** ([TSX:BNS](#))([NYSE:BNS](#)) stock's revenue increased by 3.3% in the first three quarters of this fiscal year against the prior year's period.

Net income dropped by about 24% due primarily to an expected higher level of bad loans in this stressful environment. As a result, the international bank's payout ratio rose to nearly 70%, but it'll still be able to maintain its dividend.

Additionally, its return on equity remained solidly in the 10-12% range during this period.



BNS Dividend Yield data by YCharts.

Similar to Enbridge stock, BNS stock is excellent for income with a starting yield of 6.4% that's close to its all-time high. The big Canadian bank stock will also grow as the world economy recovers over time, as will its dividend.

Investing \$10,000 in BNS stock right now can generate annual passive income of about \$640 for starters.

The Foolish takeaway

Instead of guessing which stocks will appreciate and relying on rising stock prices, investors can consider investing in conservative [Enbridge](#) and BNS stock for [massive income](#) in September.

The long-term average Canadian market returns are about 7%. By investing an equal position in Enbridge and BNS stocks today, you'll get an average yield of roughly 7.05%. In other words, you can get market returns from their dividends alone. Keep in mind that long-term price appreciation is also in the cards!

CATEGORY

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

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