
# Top 2 Dividend Stocks for 2021

## Description

While investors rush into loss-making tech stocks with severe volatility, savvy investors may want to consider safer options. High-yield dividend stocks that are noticeably undervalued could be the ideal bet for the economic recovery in 2021.



With that in mind, here are the top two dividend stocks for the year.

## RioCan REIT

Commercial real estate developer and landlord **RioCan Real Estate Investment Trust** (TSX:REI.U) is a victim of the lockdowns. With malls and offices shut, much of RioCan's portfolio has been abandoned this year. The rental market is struggling, which impacted RioCan's cash flows.

The impact was fully recognized when RioCan's management team had to trim the dividend payout by 33% last month.

However, with the vaccine being rolled out and a reopening on the horizon, RioCan's properties could see footfall recover. That doesn't mean rental yields or property values will surge. But it could put a floor on RioCan's cash flow and book value.

Investors have overlooked this fact. RioCan stock is trading at a 30% discount to book value and offers a juicy 5.6% dividend yield. That's what makes it an ideal dividend stock for 2021 and beyond.

## Enbridge

Energy giant **Enbridge** (TSX:ENB)(NYSE:ENB) is another top pick. The stock has struggled for years. First because of the crash in oil prices and now because of the environmental policies rolled out by the Biden Administration south of the border.

However, Enbridge is better positioned than most investors realize.

Warren Buffett investing $4 billion in natural gas transmission and storage assets of Dominion energy reinforces the thesis that natural gas is fuel for the near-future. Enbridge is one of the biggest natural gas players in North America, moving nearly 20% of natural gas consumed in the U.S.

A shift of focus from fossil fuels to renewable energy should positively impact natural gas demand. Similarly, Enbridge remains well positioned to be one of the biggest beneficiaries, given that it operates the third-largest natural gas facility in North America.

Besides, Enbridge is investing heavily in energy opportunities of the future. The development of a pipeline focused purely on natural gas, hydrogen, and renewable energy all but affirmed its long-term prospects. Likewise, Enbridge will be essential for decades to come

The booming natural gas business might as well explain why Enbridge pays a massive 7.5% dividend yield at a time when most energy companies have resorted to conserving capital. The company expects to grow distributable cash flow at a compound annual growth rate of 5 to 7% through 2023. Similarly, it should be able to pursue an even safer payout by increasing dividends by as much as 3%.

Enbridge would be a perfect play for investors eyeing exposure in the embattled energy industry. The 7.5% dividend yield should excite income-focused investors.



## Bottom line

The economic rebound in 2021 makes RioCan REIT and Enbridge top dividend stocks.

**CATEGORY**

1. Investing

**TICKERS GLOBAL**

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

**PARTNER-FEEDS**

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Quote Media
6. Sharewise
7. Yahoo CA

**Category**

1. Investing

**Date**
2025/09/15
**Date Created**
2021/01/30
**Author**
vraisinghani